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THE ENERGY CRISIS—
AND HOW TO SOLVE IT
R. W. JOHNSON

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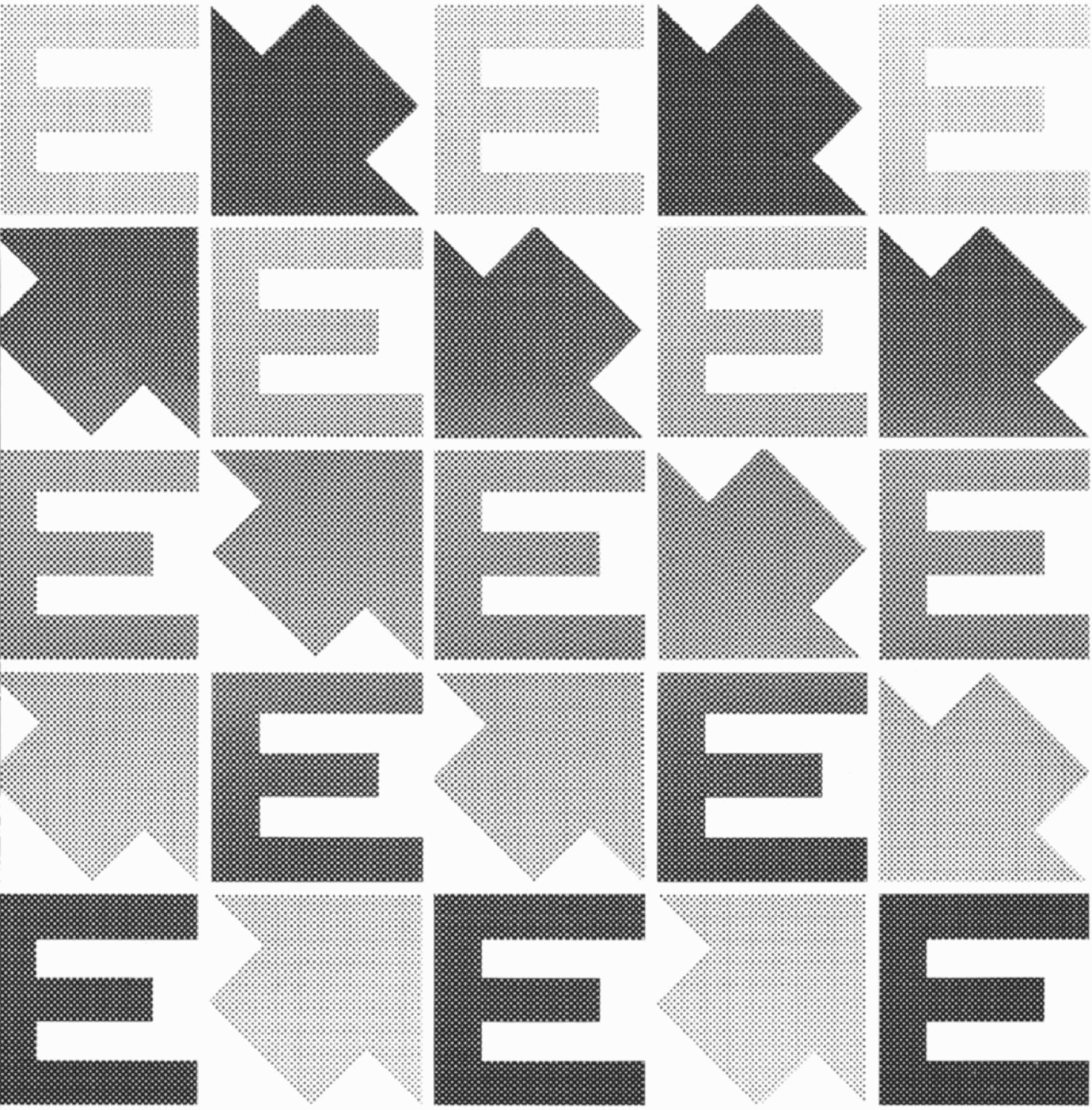

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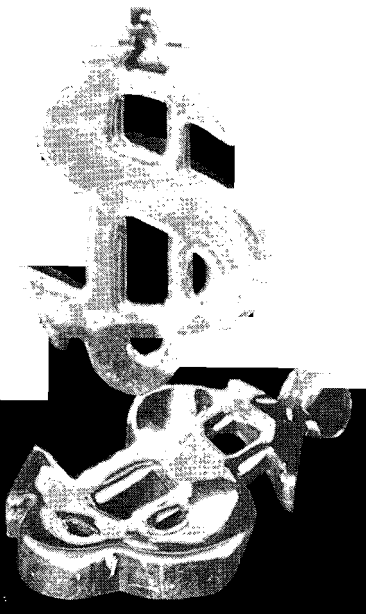

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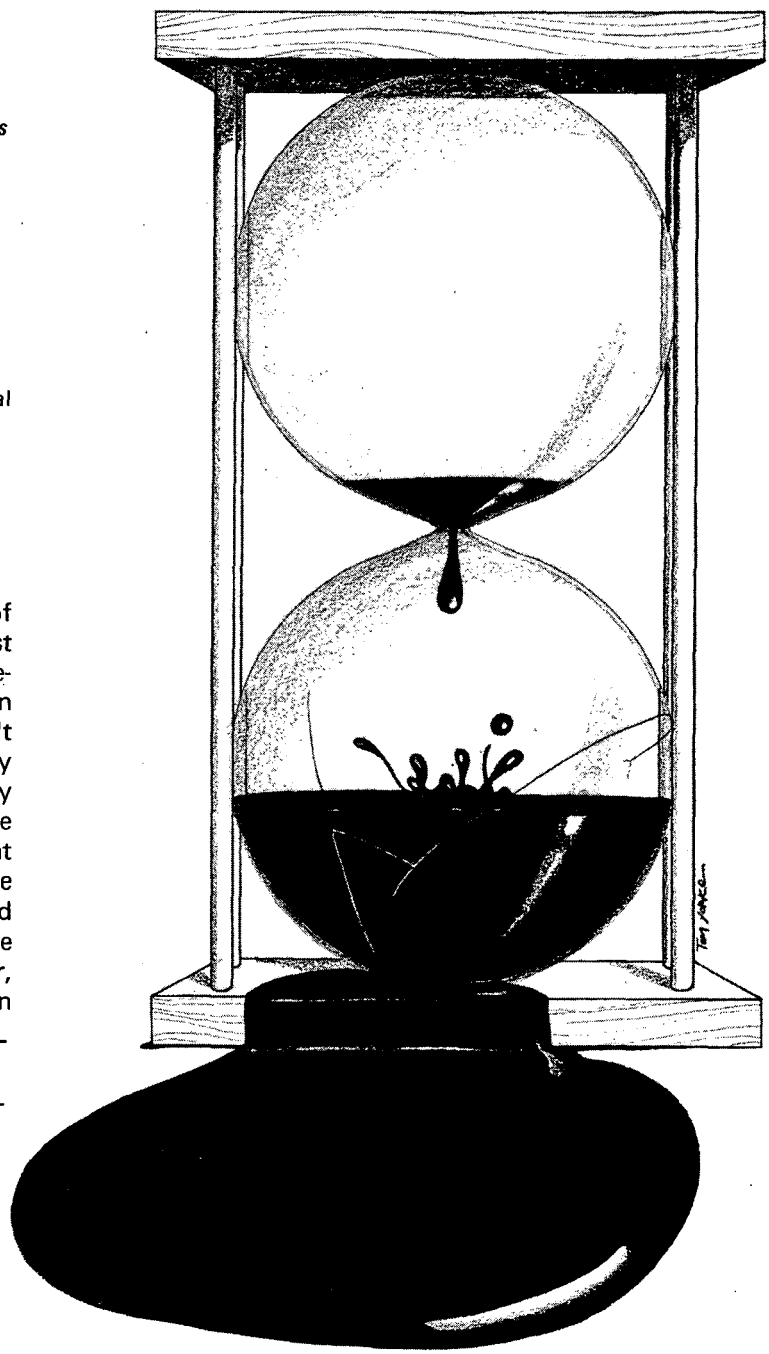
The Energy Crisis & How To Solve It

R W Johnson

Recent months have subjected the nation to much debate on President Ford's "energy plan." Briefly, this plan proposes that the Federal Government solve the problems of high oil prices and oil shortages by sharply increasing taxes on oil (thereby raising prices and curtailing supplies). As economist Murray Rothbard pointed out in these pages last month, only the government could propose a plan so ludicrously at odds with reality.

In contrast to Ford's plan to solve the energy crisis with a new dose of taxes, REASON is pleased to present an alternative proposal—one based on sharply reduced *taxes and* removal *of many of the government controls that created the energy crisis in the first place. Consulting engineer R. W. Johnson's analysis of the causes of the energy crisis and his innovative solution are adapted from two chapters of his as-yet-unpublished book-length manuscript on energy problems.*



Engineers understand the destructive effects of government energy mismanagement better than most people because they understand the type of cause-effect relationships involved in *servo systems.* When the time interval is long between an act and the result of that act, control and regulation by human agency is very difficult, if not impossible. It is entirely likely that exactly the wrong things will be done, because the effects of prior errors are not yet noticed, or at least are not correlated with the prior errors. A stable servo system is one which seeks an operating level and stays there even with disturbances. An unstable one swings wildly between one extreme and the other, even with small disturbances. A simple example of an

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unstable servo system is a dual-control electric blanket with the control plugs interchanged, unknown to either occupant of the bed. Relatively stable systems are those found in nature, the natural checks and balances that keep any population from becoming excessive.

With cause-effect relationships having long observation times, control of an unstable situation by human agency is difficult, if not impossible. To understand how past errors of government have operated in this fashion, and how presently offered solutions by both political parties merely continue this misguided pattern, we want to present a few specific examples.

FEDERAL POWER COMMISSION

The Federal Power Commission (FPC) was created in 1920 by the Federal Water Power Act. Then, its perfectly reasonable purpose (Perfectly reasonable, that is, if one accepts the idea of government ownership of lands, waters, and power projects at all. If the government is the owner, then it is natural for it to select a manager.) was to manage hydroelectric power projects on U.S. Government lands or on navigable waters. In 1930 the FPC became an independent commission. By the Public Utility Act of 1935, during the first Roosevelt administration, it was handed jurisdiction over the transmission and sale at wholesale of electric energy in interstate commerce and over the utilities so engaged. By the Natural Gas Act of 1938, the FPC gained jurisdiction over transportation and sale of natural gas in interstate commerce and over the gas companies engaged therein. In 1953 by Executive Order 10485 the FPC gained control of certain functions relating to the transmission of electric energy between the U.S. and foreign countries, and over export and import of natural gas.

Natural gas companies in interstate commerce are required to file schedules showing the rates charged for any transportation or sale of natural gas, to substantiate those rates, and they may not change such rates or charges without FPC approval. Certificates of public convenience and necessity must be obtained for all construction, operation, extensions and acquisitions.

FPC began to regulate natural gas prices on an area basis around 1954, in its Philips decision. Industry objected to the rates as unreasonable and went to the courts. Almost 10 years of litigation ensued; in May 1963 the U.S. Supreme Court, by a 5-4 decision with sharp and strong dissent, declared that the wellhead price of natural gas *was* subject to FPC regulation. In September 1964, the FPC broadened its control by a landmark decision on rate-making in the Permian Basin area of West Texas and southeast New Mexico, which established ceilings on gas from various types of wells. Again, there were court challenges, but in December 1965, the U.S. Supreme Court ruled once again that the FPC had the authority to fix the starting price at which natural gas could be sold.

In 1966, Ralph Nader began attacking natural gas pipelines as less safe in rural areas, which by then had been built up. Congress dutifully reacted, and in 1968 the Office of Pipeline Safety was established and placed under the U.S. Department of Transportation with authority over pipelines for natural, flammable, corrosive, or toxic gas. The FPC retained approval control over new pipelines. In 1968 it approved the Great Lakes gas pipeline from Canada, through the U.S. midwest and back to Canada. This was attacked in the courts and delayed.

In 1968, after three years in the courts, the FPC established prices on a *wide-area basis* and required producers to lower their rates and refund some $68-million (including interest) to pipeline companies for above-ceiling prices charged between 1965 and 1968. Even the Internal Revenue Service got into the act at this point by disputing the right of the gas producers to claim a refund in Federal income taxes as a result of the refunds the FPC forced them to make!

Then in 1969 came a major blow not only to the natural gas industry but to all of the energy industries. Congress decided that the "depletion allowance" was a "tax loophole" that had to be closed. Senator Kerr, the powerful infighter from Oklahoma was dead by then and the move succeeded over his dead body, as he had often said it only would. The depletion allowance was decreased from 27.5 percent to 22 percent as part of the "tax reform bill" of that year. The depletion allowance is under further attack at this moment, both in Congress and in some of the energy-producing states.

This was a reversal of long-standing policy of encouraging new exploration and prospecting by recognizing that mineral and energy resources in a given area are not inexhaustible. The depletion allowance in effect exempted from taxation a portion of the income derived from wells and mines—the equivalent of depreciation, treating the resource as a capital asset. This had a beneficial effect during the many years it was law—since 1957 and at late as 1964, the oil industry had been complaining about a *surplus* of oil, an over-supply, and cried out for import controls which the government dutifully enacted. A mandatory import control policy was established by executive order in 1959. In 1964 there was still more industry pressure for import restrictions and a protective tariff, to which the government responded. And now, but for quite a different reason—this time the threat of an inflow of petrodollars from abroad sufficient to buy up banks, ailing airlines (also suffering from government mismanagement) and businesses in trouble—we once again have the bureaucratic urge to control, either by arbitrary taxation or by further limiting of imports.

THE DEFICIT BEGINS

The combination of unrealistic pricing of natural gas by the FPC and the reduction in the depletion

allowance by Congress had the predictable effect: new exploration fell off and we began to use more natural gas each year than we added to our reserves by discovery. The effect had begun even in 1968, which was the first time in history that our consumption of natural gas exceeded that added to reserves. The deficit was about a trillion cubic feet (1 Tcf). Proponents of FPC pricing pooh-poohed this, saying it was only temporary and not to worry about it. The only thing was, it continued year after year while the FPC went blissfully on enforcing its destructive policies.

"The bureaucracy naturally favors, in any allocation program, the homes over the industrial users, because homeowners vote."

In 1969, again after some seven years in the courts, gas producers in the Hugoton-Anadarko area of the Texas Panhandle, Kansas, and Western Oklahoma also surrendered to the FPC and agreed to reduce natural gas prices by $6.1-million per year and to refund $47-million to customers. This area produced about 19 percent of the interstate natural gas at that time.

Some of the rate-making decisions of the FPC have been grossly unfair. In the words of one of the consistent dissenters, vice-chairman Rush Moody, they have amounted to "regulatory capriciousness." Take, for example, the denial of permission to Tenneco Oil Co. of Houston to sell five million cubic feet of gas per day to Northern Natural Gas Co. of Omaha. The proposed base rate was 47¢ per thousand cubic feet, but the FPC insisted on a ceiling rate of 21.5¢. (Based on heating values of 5,675,000 BTU/bbl for petroleum and 1031 BTU/cu ft for natural gas, 47¢ per thousand cubic feet is like $2.59 per barrel for petroleum, which, by the FPC reasoning, is 2.19 times too high!) The day before, the FPC had granted two emergency *import* authorizations at $1.50 and $1.54 per thousand cubic feet. The Tenneco-Northern decision did not save consumers any money; as soon as the FPC denied its permission, Tenneco sold the gas at a higher price in the *intrastate* market where the FPC had no jurisdiction. Northern had to buy its gas elsewhere and also paid a price higher than the 47¢ Tenneco had proposed.

Finally, after several years of a steady decrease in U.S. natural gas reserves and a virtual elimination of new customers (such as electric utilities seeking to shift away from coal) the FPC relaxed pricing regulations in 1972 and also allowed imports of liquified natural gas (LNG) from Algeria and elsewhere, but only under so many restrictions and stipulations that it seriously encumbered this possible source. In 1973 the FPC abolished gas price ceilings for six months; during this period purchases amounting to 145 billion cubic feet were made at an average price of 53.92¢ per thousand, several cents below the unregulated price of *intrastate* natural gas and still, on a heating value basis, equivalent to only $2.97 per barrel of petroleum. But in spite of this clear manifestation of the power of the free marketplace to control prices, the FPC continues to regulate.

There were many other attacks on natural gas. In 1972 the U.S. Supreme Court forced El Paso Natural Gas to divest its holding of pipelines, acquired some 15 years earlier in a merger with Pacific Northwest Pipeline. The decision was based on antitrust aspects, but the end result was to force still higher prices on consumers due to the increased overhead of the split-off pipeline company. Again in 1972, the Court upheld the FPC's right to *allocate* natural gas between industrial and home use, the result of which has been less natural gas for utilities. The bureaucracy naturally favors, in any allocation program, the homes over the industrial users, because the homeowners vote. Never mind that this policy means higher prices for electricity and shortages of gasoline—the homeowner isn't smart enough to figure that out!

Concomitantly with all of this, pressures were exerted on fuel users, especially electric power plants, to cease using fuels containing even a small amount of sulfur. In May 1966, New York City tightened up on a law already in effect requiring a reduction to 2.2 percent sulfur content by October 1969, to require this instead by October 1966, dropping to 2 percent by 1969, and 1 percent by 1971. This same sort of legislation was passed all over the country, forcing the utilities into natural gas (which they couldn't buy) and low-sulfur oils (competing with the automobile and home heating oil) and away from coal.

And the FPC delayed for several years a much-needed pipeline to furnish southern California with an increased natural gas supply. In its booklet, "Edison and the Environmental Crisis," Southern California Edison Company complained, "We waged a ten-year campaign to import more natural gas to California, but the Federal Power Commission denied the request." Finally, in 1969, the FPC approved the $118-million pipeline to carry El Paso Natural Gas products from Texas to southern California. But then, the environmentalists took over and attacked the project in the courts.

Unreasonable acts by the FPC have in effect weakened one of the two major competitors to petroleum, natural gas. Concurrent acts by well-meaning environmentalists have weakened the other major competitor, coal. The natural stable servo system that results from competition in a free market place—at least competition in the choices available to consumers—has been seriously disturbed by government intervention of precisely the wrong type. The result is that the system has become *unstable,* unmanageable.

The great tragedy is that not realizing this, or not caring, people now push for still more government intervention when what we really need is less! Control the price of any commodity and either its price will increase or it will vanish from the marketplace. The *market itself* is the best possible regulator of prices. FPC bungling has been a major factor in the energy problems we have today.

ELECTRIC POWER

Electric utilities find themselves accountable not only to the FPC and to innumerable state and local governments all heaping regulations upon them, but to the Atomic Energy Commission (recently renamed the Nuclear Regulatory Commission) when nuclear plants are involved. The AEC for a number of years was fairly liberal in granting licenses for nuclear power plants. Indeed, in a forward-looking step in 1964, the AEC began to sell, rather than lease, fissionable material for power-plant use. The delays in plant construction in those days were mainly delays in deliveries, construction schedules, and start-up problems—all largely due to the newness of the designs. But the AEC kept tight reins on the all-important *breeder reactors* and vacillated for nearly *six years* before going ahead with the first commercial breeder reactor, long after breeders had been built, operated on line, and proved out in England and the USSR.

The state of the art in 1968—possibly as early as 1965—was sufficient to have built a large breeder for testing. The British did it; they leapfrogged into a 250-megawatt breeder at Dounreay and achieved full operation by 1972, and also completed the PFR breeder at 600 megawatts. The USSR had their BN-350 combined electric-power and desalting plant at 1000 megawatts completed in 1971 and in operation during 1972.

But the AEC fumbled along, partly due to a melt-down that occurred in the Power Reactor Development Co.'s sodium-cooled Fermi-1 breeder reactor in Detroit in 1966, but mostly because of playing a waiting game to see who would pay for the breeder, industry or the taxpayers. The Clinch River breeder plant was placed in contract as a joint government-industry venture January 25, 1974, but will not be operational until 1980. It will be capable of only 350-400 megawatts electrical output. (Meanwhile, Fermi-1 has been shut down permanently due to severe technical and design problems.)

The breeder reactor is of vital long-range importance because it is a more efficient user of uranium than any of the existing so-called "thermal reactor" designs. Uranium is used in its construction and eventually through neutron bombardment becomes plutonium, which is fissionable and can be used to power other breeders. The reactor produces more fuel than it uses, except that it takes from 10-30 years to do this. (The uncertainty in this "doubling time" is because there is not yet enough operating time even with British and USSR reactors to prove the theory. Some theoretical optimists hope for a doubling time of only 5-10 years, but the weight of opinion is toward the 30-year figure.)

In 1971, the AEC began delaying all nuclear plants licensed for construction since 1969, some 90 plants in all. It required them to submit environmental impact reports taking from several months to over a year to prepare. Industry warned of power shortages if the new capacity could not be completed on schedule. Now the power shortages have indeed developed.

"Control the price of any commodity and either its price will increase or it will vanish from the marketplace."

Under attack by environmentalists often mistaking the steam from a power plant for smoke, worrying about the ecology of ocean wildlife due to temperature increases in the water around the plant, concerned about possible explosions and especially nuclear explosions and radiation, public utilities faced an uphill battle in their efforts to increase their production capacity of both nuclear and conventional power plants to meet the demand which they correctly predicted was coming. Their projections were ridiculed as unrealistic and their stated needs refused. They were charged with simply trying to fool the public. Indeed, as late as 1963 private electric utilities were pushing all-electric homes—remember the "Medallion Homes"? Critics pointed out that the utilities should not be advertising to increase use of electricity if they couldn't supply it. In this criticism they were probably right, but that doesn't alter the plain fact that with an increasing population, especially in the under-30 age group making new homes, electric power needs will increase regardless of advertising, even the "save electricity" advertising now going on.

COAL

In coal, we see much the same thing occurring, although less dramatic and more subtle. The production per man-day is decreasing. Concerns about the safety of coal miners in this inherently high-risk occupation led to over-reaction by Congress. The 1969 Coal Mine Health and Safety Act closed many mines for substantial periods of 1970. There developed a shortage of labor, and of railroad cars to transport the coal. In 1970 utilities still using coal faced a virtual famine; the TVA had to reduce to a 10-12 day supply of coal rather than a normal supply

of 60 days. More utilities began switching to residual fuel oil, but refineries had reduced the output of this in order to produce enough gasoline to keep up with the demands of automobiles, by then equipped with antismog devices lowering their gas mileage 15-20 percent. Who would have believed someone in 1969 if he had predicted that the Coal Mine Health and Safety Act would cause a shortage of gasoline for automobiles?

Resorting to surface mines to improve safety, coal operators were then attacked by environmentalists concerned about the scars left on the landscape by strip mining. Promises to rehabilitate the land fell on deaf ears. The coal unions complained about safety, wages, fringe benefits and working conditions. A coal shortage developed, not from any lack of resources but from the lack of ability and/or *incentive* to produce.

The *basic* problem with coal, of course, is that only about 2/3 of the coal reserves are low in sulfur (one percent or less sulfur). Most of the coal is used in the East but only 1/3 of the reserves are in the East, and of these, only 1/5 are low in sulfur. Thus transportation becomes a problem and a shortage of railroad cars to transport from the west to east developed quickly as the regulations reducing sulfur began to be widespread. Enter other villains—the regulators of the railroads—with pricing policies and featherbedding, to inhibit efficient *transportation* of coal. The bunglers never thought of all this when they reacted to environmentalist demands in the first place.

Coal can be de-sulfurized, but only by processing it—converting to coke, liquid hydrocarbons and gases. General Motors has a successful process working in Pontiac, a double-alkali process. De-sulfurizing coal, and making new fuels from it by hydrogenation, takes new thinking in a modernized technology. *In situ* processing, where coal is converted while still in the ground, without mining it, has considerable promise. But to get these things done rapidly means that strong *incentives* must be available; more government financing of pilot plants is not going to solve the problem.

"Who would have believed someone in 1969 if he had predicted that the Coal Mine Health and Safety Act would cause a shortage of gasoline for automobiles?"

PETROLEUM

Over the last 40 years, petroleum has probably been subjected to more government regulation and meddling than any other energy source. Pick up any issue of the *U.S. Government Organization Manual* and count literally dozens of agencies all concerned in one way or another with regulating the petroleum industry. From the import restrictions in the post-war period, the U.S. Government moved into import encouragement in the 1960's and 1970's, while at the same time it made it more difficult, expensive, and less profitable for the oil companies to locate, tap, transport, store, and refine domestic oil. Now, having succeeded in almost demolishing domestic production incentives, the government now proposes to return to a policy of limiting imports by one means or another to avoid unacceptable trade deficits.

Opponents of off-shore drilling have banded together, particularly in California, fighting protracted legal battles against continuing to tap the immense reserves of oil and natural gas under the Continental Shelf. Proposals to build new refineries have been denied, new pipelines and storage tanks turned down. The last new refinery in the U.S. was completed in 1969. Every time a fuel truck overturns and burns on the highway there is renewed pressure to cease shipment of fuel by truck. (Complainants fail to produce any alternative—are we to have pipelines or railroad spurs into every gas station?)

WHAT DO WE DO?

The foregoing are just some of the most flagrant examples of government intervention and meddling of precisely the wrong type in energy. Running through all of this it is clear that there is one *central* problem: the possibility of people with obstructionist motives attacking a project in the courts even though it has been approved by those agencies which have, through the Congress, been set up to manage these things. Not only has the government imposed delay after delay by setting up the agencies themselves and their myriad of rules and regulations, but they have also given to anyone the power to attack those agencies in the courts and automatically tie up any project for as long as it takes to have the matter adjudicated, appealed, and decided. That the plaintiff in such suits is not himself injured is no longer important.

The *real culprit* in all of this is the "sleeper" in Senator Jackson's National Environmental Policy Act of 1969, which was a little-noticed clause directing Federal agencies to file an environmental impact statement before taking any action that might affect the environment. By inference, this also applied to businesses under the jurisdiction of those agencies. This clause gave activist groups legal standing, for the first time, to challenge in the Federal courts the business-regulating actions of Federal agencies. Before Senator Jackson's cleverly worded bill, ecologists could not, for example, sue the Department of the Interior to stop it from selling a Federal land lease to an oil company or grant it permission to build a pipeline through Federal lands. They could not allege damage to themselves, so they had no standing in

court. But under Senator Jackson's bill—which was swept out of committee and through Congress after the Santa Barbara oil spill on a tide of emotion and misinformation with virtually no opposition—*anyone* (even a Russian agent) by posting a $100 bond could bring suit in Federal court to stop a Federal agency from granting business operating license, permits, leases, use of public highways, or building permits. All the plaintiff has to allege is that the agency did not file an *adequate* environmental impact statement before allowing the business to proceed. The Sierra Club rejoiced!

Nearly every single delay in the energy area in the past several years has been because of Senator Jackson's bill. The regulatory agencies in some cases have even encouraged such suits, because then they could say they were working under direction of the court in doing whatever they did, which usually turned out to be delaying. The delays in off-shore leasing, off-shore drilling, nuclear power plants, fossil-fuel plants, energy storage systems, hydroelectric expansions, coal mines, use of coal, transmission lines, and even in geothermal power and shale-oil leasing, are all directly traceable mainly to this single clause.

If we must single out any one individual in this country who is more responsible than any other for the energy mess, it has to be Senator Henry M. Jackson, Democrat from the State of Washington. And in 1973 when the fuel crisis had reached a point where the public became concerned and the polls indicated it was more of a concern than even Watergate or inflation, it was none other than Senator Jackson who said, "I think it's outrageous we can't import oil from Alaska." And now the press bills him as the congressional "energy expert," and he once more announces that he is running for president.

But we must remember that no bill becomes Federal law without the vote of the Congress and either the signature of the President, a failure to veto, or an over-ride of his veto. The most important action we can take right now is to amend, at the very least, or preferably repeal in its entirety, the National Environmental Policy Act of 1969, and replace it, if we must, with something more rational that takes into account the perils and booby traps that may exist and limits accordingly. If we continue to permit anyone with $100 and the inclination to do so to tie up our energy producers for years in court battles, we will collapse as a nation. By the time the power and heat go off and the transportation stops, and our industrial machine grinds to a halt, it will be too late.

The basic problem is not one of shortage of resources or giving out of supply, or of international extortion. The basic problem is that control and regulation have become *ends in themselves.* We have developed sort of a Pavlovian response to every problem: pass a law and regulate or control it. The trouble is that *we start a chain reaction that we cannot control* when we meddle with the production

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and price of energy. The American economy is far too complex a servomechanism with too many feedback loops and cross-couplings to be tinkered with in this way.

The natural gas producers are told they must reduce their prices and when they warn of scarcity people do not listen. The scarcity develops and for years nothing is done about it. We make unreasonable rules for the laudable purpose of controlling our environment without thinking through the problem, without making a competent analysis of the trade-offs involved, and without seeing the consequences of making it possible for anyone to attack the studied decisions of the agencies set up to make them. We block the efforts at production of more domestic oil to make up for shortages by stopping off-shore drilling, by delaying the Alaska pipeline, by refusing supertankers access to U.S. ports, and by refusing permission to build new refineries. We demolish the tax incentives already proved to be beneficial to production. Then we do things that increase the consumption of gasoline by 125-million vehicles simply to benefit temperature-inversion stress areas accounting for only a few million vehicles. And even then, we produce no data proving that there indeed has been any benefit at all even to the inversion areas, from either the controls on vehicles or on the sulfur content of fuels. Have you ever wondered why it is, with some 80 percent of the cars effectively "removed from the road" in terms of their emissions, and on a nonbusiness day with light traffic, that smoggy days in Los Angeles seem just as bad as they used to be?

And, as though this would help matters, people insist on more conservation, lowering speed limits to save a questionable 1-2 percent in gasoline consumption at the expense of possibly a 10-15 percent decrease in the product of commerce simply due to the longer time it takes to transport people and products. People forget that price inflation is caused not only by higher energy prices but by financing government deficits, most recently by the records set during the Nixon years. Now the government proposes deficits more than twice as large as any previous figure, coupled with still higher energy prices, in the mistaken belief that recession is not the end result of inflation.

Taken all together, it is as though the American people are expressing a death wish, a collective form of mass suicide. Energy producers find their paths blocked in every direction—in production, distribution, transport, import, improving efficiency of present facilities, and in making a profit high enough to support the tremendous new investment required—some $350-*billion* necessary in the oil industry alone to locate new sources and obtain new production. Studying the energy history of just the past 30 years leads inescapably to one conclusion: OUR SHORTAGE IS NOT OF ENERGY BUT OF COMMON SENSE!

The multitude of agencies, control commissions, study groups, lawyers, courts, bureaus, and the Congress itself more often than not are working directly at cross-purposes; they are not solving the problem, they *are* the problem! The Senate of the United States is a fine group of dedicated, honest, courageous, sincere, intelligent, and able people—with 90 or 95 exceptions! And now that same Senate is acting to impose still more controls, more regulations, more taxes, and launch more investigations, turning completely away from the heart of the problem which is too much government interference in the first place. There *MUST* be a better way, and I am convinced there is, if we have the courage to demand it and try it.

"Over the last 40 years, petroleum has probably been subjected to more government regulation and meddling than any other energy source."

A BLUEPRINT FOR ENERGY SURVIVAL

By the end of 1973 and in early 1974, there was probably nothing more talked about than the energy crisis. Even Watergate was pushed off the front pages for a time. A Gallup poll reported that energy had replaced inflation as the problem most worried about—46 percent in early 1974 listed energy as their major concern, and only 26 percent still listed inflation. Earlier, in September 1973, 70 percent were more worried about inflation.

Then, as the Agnew resignation, the Ford appointment, the historic Nixon resignation, his pardon by Ford, and the Ford appointment of Rockefeller as Vice-President came along in what seemed to be rapid-fire order leaving many people sputtering angry, others bewildered, and still more wallowing in their same blissful euphoria, the lines at the gas pumps shortened and disappeared, energy czar Simon returned to the money field he knows best, and the public began to forget about energy and turned its attention to the raging inflation brought on by several years of $20-$30-billion deficits and high prices for imported oil. The many unreasonable requirements on automobiles in the name of safety and clean air, combined with gasoline prices and inflation, caused a disaster in the auto industry, sending recessionary shock waves throughout the economy that are now approaching a tidal wave, threatening us with a complete economic collapse due to a continuation of the false policies of the past.

The *National Review Bulletin* in its February 22, 1974 edition published an article on "How to Cure

Gasoline Indigestion" by pointing out that if we wanted to "change the greedy old oil business into another efficient, cost-conscious regulated industry like the Post Office or Amtrack" this would be exactly the way to do it: make things so bad that anything would seem an improvement.

John T. Wheeler of the Associated Press prepared a thorough and frightening review of the energy situation, which was widely published in the Sunday supplements of newspapers on January 13, 1974. In it, he likened the energy problem to another link toward George Orwell's ugly world of 1984, reminding us that we had but 10 years to go. Wheeler quoted many "experts" in the field:

"If we must single out any one individual in this country who is more responsible than any other for the energy mess, it has to be Senator Henry M. Jackson."

Brookings Institute Official: *What we are seeing now with energy is not a bad winter cold, it is the forerunner of pneumonia.*

Maurine H. Stans while still Secretary of Commerce: *The American society has been woefully weak in anticipating its troubles, and sorrowfully lacking in common sense in coping with them.*

John Markley of Stanford Research Institute: *It is almost impossible today to follow events, let alone get ahead of them. There is so much now we can't handle. It's a decision overload, crisis shock, the inability of managers to manage, leaders to lead.*

John McCloud of Simulation Councils, Inc.: *Computer models show everything going to hell in a handbasket if we make the same sort of decisions as we did in the past.*

And yet, according to Wheeler, there is strong sentiment for doing just that—making the same sort of decisions we have in the past. Wheeler quotes Allen V. Kneese of Resources for the Future, Inc., as worrying about present nuclear power production and dangers of deadly accidents, urging that we phase out present nuclear power generation as soon as possible. Wheeler calls attention to the many calls among "futurists" for the government to take over the energy field, particularly oil, while noting the comment by one Federal expert that this probably would provide no long-term answer because "we have no better track record on such things than private industry."

During 1974, politicians started running scared, and even some of the most deified liberals began questioning whether we were doing the right thing. Henry Kissinger stepped up his shuttle diplomacy to try to convince the oil producing nations it would be in their own best interests to again lower prices, and simultaneously to convince the oil consuming nations they should band together for collective action. Walter Cronkite wondered aloud about the state of affairs and "cronked" once or twice about the dangers of high energy prices. President Ford gave forth high-sounding rhetoric in his 1975 State of the Union Message, but then proceeded to still larger deficits, still more controls over domestic energy production, and still higher energy prices by taxing foreign imports.

Almost nowhere in the volumes of material published in newspapers, magazines and reports, or on radio and television or in energy seminars and symposia, are to be found statements from those who advocate a free-market solution to the problem. Occasional voices in the energy wilderness calling for a return to a free market in energy are lost in the torrents of words emanating from the "experts" on energy on what to do about it. Senator Buckley came closest to it when he said, "The effect of misguided intervention by the Federal Government on the pricing and movement of energy resources over the past decade or more has produced the shortages we now have."

THE ANSWER

What really needs to be said in clear, stentorian tones is that the real solution to our energy problems lies not only in a free-market approach but in a *completely* free-market approach, without even application of the 16th Amendment. When a businessman establishes a price on his product, he takes into account (1) his cost of materials and supplies purchased from others; (2) his cost of labor which he and his company put into the product; (3) the taxes he must pay to his ever-present partners, the local, state and Federal governments; (4) his selling expenses; (5) his *burden,* which includes amortization and depreciation of his equipment, plant, and facilities; (6) his cost of money, working capital, interest if he borrows it; and (7) his *profit,* normally computed as a reasonable percentage of the sum of all of the preceding items.

Since profit is reckoned on the basis of all of the costs of doing business to arrive at selling price, it is manifestly obvious—although we seldom really think about it—*that the profits of others and the taxes paid by them* are also necessarily included in his costs. Thus, in taking a percentage of his total cost as his profit, he is adding his profit percentage on to the profits and taxes paid by others. Since there may be thousands of businesses involved in the total chain

from raw material to product at the retail store, each takes his profit, and each pays his taxes. Each also pays his *energy bill.* Thus there is a very large *pyramiding* effect on every single thing we buy as consumers. Each person's price is a little higher because of the taxes and energy bills he himself pays. It is higher not only due to the amount of the tax or energy cost, but because he must take a profit on it—his profit is reckoned against *all costs,* including taxes and including energy costs.

"The basic problem is that control and regulation have become ends in themselves."

This elementary fact of economics escapes many people; they don't think about hidden taxes and hidden energy costs nearly as much as they do about the sales tax paid at the time of sale or the income and payroll taxes deducted from their earnings. Politicians know this, of course, and so it is much easier for them to tax businesses who don't vote than to tax people who do. The people would actually pay far less in taxes if they were taxed directly than when the taxes are levied throughout the production and distribution chain of the products they buy. Politicians would not like this, of course, because it would make them more accountable to the people, who would be more inclined to check up on what their money was used for and veto the things they did not feel were necessary.

Therefore, any proposal to do away with business taxes meets with anguished outcries that we would be taxing the poor who can least afford to pay, as though somehow a tax levied on business is not ultimately paid by the people anyway. Taxing the "windfall profits" of the oil companies somehow has more magic in it than taxing the retail product, such as fuel at the pump.

This sort of demagoguery has continued in the American economy for 62 years now—the 16th Amendment was adopted February 25, 1913—and it got into high gear about 40 years ago. In the past two decades, capitalizing on the appalling apathy of the American public and their apparent inability to reason simple economics, it has reached a crescendo, a barrage issuing constantly in the mass media and even from many pulpits.

The end result is to encourage waste of true wealth and a discouragement of *incentive* to produce true wealth. When we waste wealth we waste energy: there is a remarkable correlation between (1) energy consumption per capita per year, (2) the Federal debt, and (3) inflation. The three curves are parallel and move up (and although seldom, also down) together.

So when I suggest a completely free-market approach to energy, I am referring not only to the absence of bureaucratic controls over production, distribution, and pricing, but I am referring to the total *absence of taxation* from natural resources to final consumption. I am talking about the ultimate in *tax incentives.*

IT'S BEEN DONE BEFORE

There is precedent for the concept of tax incentives. I will mention two, but there are others. When the government wanted to stimulate the development of Puerto Rico, they did it by exempting from taxation those industries which established plants there, and the individuals employed by them. This has had the desired effect. The net individual income rose 41 percent faster in Puerto Rico in the 1960-1970 decade than it did in the U.S. as a whole and in 1972 this little island of about 2.8-million people and 3421 square miles had a gross product of $5.823-billion.

The second example is in tax-free municipal bonds, making it easier for cities to finance capital improvement projects at lower interest rates. Cities have an outstanding debt of around $160-billion today (1975) and one-year prime municipal bonds bear about one-half the interest rate as prime corporate bonds or U.S. Treasury Bills. This policy has also worked as intended by those that made it.

We have indirect tax incentives all the time—it has become almost traditional in American policy to "throw money" at any problem that besets us, by tax subsidies, government payments (e.g., price supports and payments to farmers not to produce), government loans, government contracts, and the like. But for some reason we have strayed from the idea that *not taxing in the first place* might be a better stimulant, a better incentive than taking money from one pocket, keeping 30-40 percent for administration, and returning the balance to another pocket.

We have gone much too far, however, in our basic taxation policies to make radical changes overnight in a wide range of products and businesses. The hue and cry against such a move would be overpowering. People would be literally inundated with dire warnings of disaster if we dared make such a radical change in our tax system as to do away with taxes on business—no more hidden taxes—and in their place substitute taxes directly on the people; or alternately, to repeal the 16th Amendment. If libertarian goals are to be accomplished, pragmatic reality must be recognized even though this may seem to be apostasy from principle; the people who *vote* are going to be the ones that must change the system if it is to be changed by constitutional process.

We have in the energy situation an ideal opportunity to test the validity of a completely free-market

approach. If it fails, no harm is done because the taxes "lost" would not have been there anyway in the plan to be proposed here. If the concept succeeds, it could well become the oasis out of which the vast energy wasteland becomes fertile to produce true wealth and abundance beyond any conception.

The approach suggested is to apply completely free-market principles to *new energy sources and new fuels;* coupled with some interim measures designed to (1) relieve the pressure and competition for supply now present between the nation's two largest energy users, electric utilities and transportation, and (2) to create, for petroleum, more competition. Competition, and only competition, will bring down the cost of gasoline and fuel oil. Price and production controls will only create shortages and higher prices, and in the end stifle the economy.

INTERIM STEPS

1. Repeal the National Environmental Policy Act of 1969 and its subsequent collateral acts and amendments, and start over, or at the very least, prohibit court attacks on matters relating to energy. Specifically, remove, for a period of years long enough for the balance of the program to operate, all controls on the fuel burned by fossil-fuel steam electric power plants, *encouraging* but not *directing* them to use low sulfur fuels and to substitute nuclear reactors for their heat sources. Permit them, indeed encourage them, to return to coal for an interim period to relieve the pressure on oil and natural gas. Offer them tax incentives—not payments, but *deductions,* such as fast write-offs or even direct tax credits in proportion to their use of nonpolluting fuels *other than oil.*

2. Remove the interstate natural gas industry and its pipelines from the jurisdiction of the Federal Power Commission or any other agency, by repeal or suspension of the Natural Gas Act of 1938 if necessary. Free this industry completely from government controls over production, pipelines, production and pricing, both interstate and intrastate, excepting only those provisions of antitrust statutes preventing merger monopolies or restraint-of-trade agreements with other competitive forms of energy. (This exception is vulnerable to the charge that it is morally inconsistent with a true libertarian position, to which I would reply is it better to make *some* progress toward the ultimate philosophical goal or stand on principle and accomplish nothing?)

These two interim steps would provide instant relief from the pressure on oil between electric utilities and transportation, and would allow natural gas to compete in the marketplace. This would automatically begin to control the market for oil by strengthening its major competitors. Taxation and other things such as labor laws, safety laws, etc., would remain on both industries so that neither one would be placed at a disadvantage relative to the other.

LONG RANGE STEPS

3. Establish the concept of "exempt commodities" and provide that such exempt commodities would be completely free of taxation at any Federal, state, or local level, for any purpose, from their original production to their ultimate consumption. The earnings of all workers working in exempt commodities would be completely exempt from taxation of any kind—income taxes, unemployment taxes, social security taxes. Workers would have an unlimited right to strike and *not to strike;* management and unions would have an unlimited right to bargain, for years if they wanted to, without government "mediators" or control. There would be no capital gains tax or transfer taxes on any capital stock in exempt commodity industries. Instead of rigid enforcement of "blue sky laws" the government would *widely publicize* any fraudulent or risky practices threatening new investors in the enterprise, but would nevertheless leave those investors free to evaluate *for themselves* whether or not to put their money into the ventures. Exempt commodities would be in a *completely* free market, and the workers within the industries concerned only with exempt commodities would be exempt from taxation for so long as they worked in them, on their earnings from them.

"The Senate of the United States is a fine group of dedicated, honest, courageous, sincere, intelligent, and able people – with 90 or 95 exceptions!"

The initial list of exempt commodities would be the following:

- All coal, derived from *new* mines ("new" meaning commenced after the effective date of

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the exempt commodity legislation), and processed in *new* facilities to produce low sulfur (one percent or less) *hydrocarbon fuels and lubricants.* All of those fuels and lubricants, and the coal from which they came, would be "exempt commodities"; other by-products would not be, nor would the supplies and materials needed for plants or for production or distribution be exempt.

"The real solution to our energy problems lies not only in a free-market approach but in a completely *free market approach, without even application of the 16th Amendment."*

- Electric power plants made using *breeder reactors* of at least 3000 megawatt capacity, and the breeder reactors themselves. Such rules and regulations as are reasonably necessary for bona fide safety in such plants would be retained, but the findings of the Nuclear Regulatory Commission as to the safety of such plants would be declared conclusive, with the right of court review reserved to the Attorney General of the United States. Remove such plants from state jurisdictions until they are on line. In line with providing a totally free market situation such plants would be removed from the protection of the Price-Anderson Act (which limits the liability of power companies and their insurers to $560 million), and such plants would not receive fuel, R and D or waste disposal subsidies.

- *Fuel Cells* using hydrocarbon fuels from coal, or natural gas, for residential use. (These exist now only in pilot installations.)

- Solar cells or arrays able to produce at least 120 volts and 100 amperes of 60-Hz AC power continuously. (These do *not* now exist.)

- Solar energy converters of other types, as for heating or heat engines.

These steps are all that would be needed to furnish a complete, permanent solution to our energy problems, and go a long way toward solving our inflation and recession problems as well. They amount, in principle, to *getting the government out of the act* to let a completely free market operate for once and show what it can do, in two particular areas—new clean fuels made from coal, our most abundant resource, and nuclear power from breeder reactors, our most pressing need. The interim steps of removing restrictions on coal-burning power plants and on natural gas will serve to alleviate the short-term problems in the time required for the exempt commodities to flourish.

Note that nothing is said about the oil industry. As previously noted, broad adoption of the exempt commodity approach would be inadvisable because we are too deeply entrenched—buried might be a better word—in the concept of taxation and control of production. Managers wouldn't know how to react if they didn't have to convince some government agency to approve something they wanted to do, or consider the tax consequences of every act. It would be better to try this in an entirely new area, recognizing that eventually this would force oil producers into an unbalanced competitive position. But supplying almost half our present U.S. energy, it will be a little while before they suffer much, and better that they should have this type of threat than a government takeover of their industry under some nice, efficient organization like FOGCO (the proposed Federal Oil and Gas Corp.).

If we were to remove the heavy burdens of multiple taxation and government interference from energy products derived from coal and on new energy devices such as fuel cells and solar cells, our energy problems would vanish. Capital by the billions would flow immediately into such enterprises, and workers would be queued up to work there. Plants for the processing and hydrogenation of coal would spring up in a matter of weeks, and be in full production long before the feeble efforts of the Office of Coal Research or other government agencies produced even a carload of commercially practicable fuel. New exploration techniques and new mines would produce the resources long before the plants needed them. Railroads, trucks, and even pipelines would furnish the transportation easily with the incentive of no taxation on this portion of their business. Millions of abandoned and decaying service stations would dispense the new fuels made from coal.

All of this would not take anything like the 10 years the "experts" predict it will require (with present thinking and policies, and necessarily assuming that we don't collapse first) to develop new fuels from coal. Nor will it take some six years, as it has in the past, for breeder reactors to come on line simply because of a waiting game to see who would pay for them. Remove the pyramiding effect of taxation in the total energy chain from two key areas—coal and nuclear power from breeder reactors—and the time required will collapse like a miracle!

LOOK OUT ARABS!

With competition like this, the price of crude oil and gasoline would be brought under control—*market* control—swiftly and completely. You would, in fact,

hear anguished outcries from the petroleum industry demanding to become "exempt commodity" producers. Foreign potentates would find their market for crude oil to the U.S. drying up; their prices would come down automatically, without regard to the U.S.'s policies toward Israel.

And for precisely these reasons we can expect that the petroleum industry would do its utmost to prevent such a plan from ever getting started. Its managers would rather take their chances on being taken over by the government than face such a threat. Does that tell you anything about how effective such a move would be? If it is not worth doing, then why oppose it? It is going to have to be the *American people* that bring this about; politicians beholden to the interests financing their election campaigns will never consent to it, unless they are convinced by a literal inundation of mail and telegrams that the public *insists* upon it. Will our apathy win out?

I suggest that the servomechanism that is the American economy has suffered too much and too long from artificial inputs and stimulants by *quacks* who don't understand it. They could get away with it in some things because of the inherent stability that resists manual tinkering, but when they meddle with the energy supply they are affecting every single facet of our economy, everything and everybody. They have created a regenerative, unstable system headed pell-mell toward a complete saturation, a collapse, a total failure to respond. They have been administering to the heart patient gas from the wrong tank—nitrogen instead of oxygen—water instead of digitalis and adrenalin. The patient is nearly dead. Remove the *energy quacks* and the patient will recover better on his own. The servo itself is inherently stable; the feedback from the marketplace is more than adequate to control it, but not when they keep crossing the wires and scrambling the signals. We have a decision overload, crisis shock. Our "managers" cannot manage, our "leaders" cannot lead. They have lost sight of the cause-effect relationships because the observation time is too long. It is time they relinquished the controls to the *only* regulator powerful enough to stabilize the system—the American people in a free marketplace. ◻

NOTES AND REFERENCES

For technical background on fossil fuels and energy problems, either of the following references are recommended:

- John C. Fisher, *Energy Crises in Perspective,* John Wiley & Sons, Inc., 1974.
- Isaac Asimov, *Asimov's Guide to Science,* Basic Books, Inc., 1972 edition, particularly Chapters 5 through 9.

For a bureaucratic viewpoint by one of the more able scientific administrators, also consult *The Nation's Energy Future,* Dr. Dixy Lee Ray (Chairwoman, AEC), 1 December 1973. U.S. GPO Stock Number 5210-00363. This outlines the government-support approach but ignores the libertarian alternative.

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COMPULSORY MEDICINE past present future

T G Boland M D

The concept of the Welfare State—that is, the systematic dispensing of domestic wealth through public channels without regard for productivity)has been a part of social-political institutions almost as long as recorded history.[1] One of the earliest examples is the paternalism in the Roman Empire under Diocletian in which the number of governmental money recipients exceeded the number of taxpayers. Welfarism figured dominantly in the political structure of the Greco-Latin city states, in the

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Medieval city, and in the post-Renaissance monarchies. But while the Welfare State has occupied history through the ages, its handmaiden—compulsory health care—has, historically, only yesterday made its entrance onto the grand scene of human endeavor.

Compulsory health care—which I shall term compulsory medicine—began, appropriately enough, in the land of authoritarianism, Prussia, in 1845; but, since the concept of governmental subsidy and employer levy had yet to grace the scene, its progress, understandably, was lackluster and its existence desultory until Bismarck (who perceived it as a clever means—which it was—of siphoning off funds for his war machine without the nagging necessity of appealing to the Reich) incorporated it into his national socialism in 1884.

With the introduction of Bismarck's compulsory medicine a new page was added to the history of welfarism. From the end of the 19th century to the present day, virtually the whole of Western civilization has adopted, in one form or another, the Iron Chancellor's notion of compulsory medicine, as politicians in the advanced cultures recognized the enormous, something-for-nothing appeal "free" health care holds for the masses. Until now the major exception to this trend has been the United States; however, under the guidance of such gurus of social progress as Kennedy, Ribicoff, Long and Mills—to name but a few—that exception is about to become the rule. As it is apparent that the United States is about to join the ranks of the total Welfare States, perhaps it would be prudent to pause to cast a backward glance over the course that compulsory medicine has cut through the fabric of Western civilization, on the slim chance that perhaps an examination of the past may serve as sober instruction to the health, welfare and political visionaries of the present, whose tinkerings with our destiny may evolve for the nation not a mean, snarling, precarious future, where the individual and liberty stand in jeopardy from the "good intentions" of an all-embracing ultra-State, but rather a future respectful and wholly compatible with individual dignity and freedom—B. F. Skinner notwithstanding.

THE PRUSSIAN PLAN

When Bismarck's sickness insurance plan was introduced to the Second Reich there was no serious medical opposition to it. Indeed, there was rejoicing in the German medical ranks. For the first time the profession was to be lofted to the heights of the almighty Prussian bureaucracy; vistas of financial and scientific progress were to open, the extension and availability of health care was to be broadened on a scale theretofore never imagined, medical education was to receive government encouragement and support so that it could advance and expand.

Well, whatever the reasons—greed, the contagion of a new idea, the German penchant for subordination to authority—it is history now; but the German doctors of 1884 renounced their claim to freedom—along with that of their patients. They relinquished the principle of professional secrecy—the sacrosanct confidentiality between the patient and his doctor—in exchange for the rule of health panel employees—the *Kassen*—over professional decisions. They agreed to fee schedules and payment by "the third party"—the *Kassen*—rather than directly by the patient.

As it began the German health panels hired the doctors more as part-time employees, but soon this method had to be abandoned due to mounting discontent and the discovery of corruption involving selling jobs to the doctors.

At this point, in the development of Germany's compulsory medical system, a new concept was introduced, which, in these "health maintenance organization" days of the 1970's, has a ring of chilling familiarity ot it.[2] The free choice of doctor by the patient was established all right, but only among the doctors who entered into contractual agreement with the *Kassen.* True enough, there still remained the private practice of medicine with its "antiquated" fee-for-service bias, but soon enough, with the continued lateral expansion of the system, this compensating area of refuge, for both patient and doctor, rapidly contracted.

Once in the system the doctor's fee was controlled on a contract basis and was paid according to the number of patient attendances. The more attendances, the more fees. What followed was a mounting number of attendances and, in retaliation the *Kassen* —dominated by lay personnel—began to cut fees. The lower the fees the more the doctors increased the number of attendances, and for the doctor, the degrading struggle for survival began.

The class war between the State and the German doctors continued with unremitting vengeance, but the muscle lay with the State. At each contract renewal the major task of the *Kassen* was to squeeze the doctors' fees; and, in this respect, since it had the persuasion of the purse, the *Kassen* had overpowering leverage against the individual doctor. Finally, in desperation, the doctors organized a fighting trade union, the Hartmann Federation—one of the first unions in the labor movement. The Federation was to replace individual contracts—collective bargaining was to be instituted—and panel administrators were to be denied the arbitrary power of accrediting panel doctors. Once more (so the hope developed) free competition among the doctors was to be restored.

TRAPPED

It was a noble idea, but now, ensnared in the quicksand of authoritarian medicine, and with private practice virtually nonexistent, the German medical profession, unionized or not, found itself irretrievably trapped. The seeds of division were sowed among the profession so that by 1913 it became divided into three classes, each with antagonistic and irreconcilable interests. There were the panel doctors eligible to

treat the insured patients; then there were the "trustee" doctors employed by the State in a supervisory capacity—the prototype physicians for the Professional Standards Review Organization (the "PSRO's"—the peer group so dear to the heart of Senator Bennett of Utah) proposed now for the U.S.; and finally, there remained a third group who subsisted on what remained of private practice, functioning occasionally as consultants to the *Kassen.* This last group was largely composed of those physicians most responsible for the once-renowned progress of German medicine—the medicine of Virchow, Koch, Ehrlich, etc.

The Great Depression smashed what vestiges of bargaining power remained to the doctors, and with it the door was opened to radical reform. With each German crisis, the welfare programs expanded: Bismarckian paternalism became Ludendorff's planned economy, and this in turn grew into the Welfare State of the Weimar Republic. When the latter got into trouble the combination of ultra-nationalism and superwelfarism swept over Germany, and because of it the world would never be the same again. Once more the political ethos of the Welfare State was demonstrated: that in a crisis the demagogue who promises more welfare for more people has the best chance for success.

The emerging constitutional dictator, Bruning, issued "emergency" decrees, such as the quarterly capitation fee—the amount of monies the doctor received from the State for the number of "heads" registered with him as patients. It was this invention of subtle bondage that was to set the pattern of physician remuneration for Holland and Britain in the future—Germany's bequest to its enemies.

In their new world of Bismarckian medicine, the German doctors constantly raged about their prerogative to prescribe for their patients. Finally, the issue was settled for them in 1935—by Hitler. The doctor could prescribe to his heart's content provided that his prescriptions per patient did not exceed the official monetary limit. Should the doctor exceed the statutory limit, or make an error, the malefactor-doctor was liable on both counts—unless he obtained a reprieve from the respective panel and its "trustee doctors"—and for this the errant doctor had to plead. For expensive medicines prior approval from the panel or the trustee doctor was mandatory. Refills of course were forbidden. (Now, four decades later and closer to home, once more the doctor's prerogative to prescribe for his patient is at issue, and if the health bureaucrats have their way the certainty is that "ole doc," in his provincialism, will be the prime target in the cross fire.)

DR. PEON

If a proletarian may be defined as a member of that class of workers for whom daily sustenance depends upon the beneficence of an overlord, then it could be said of the German doctor, in the three decades following Bismarck, that his economic status was a steady deterioration to that state. By 1930, surgeons received the equivalent of $12 for an appendectomy; and to survive in the growing class struggle a general practitioner had to see up to 100 patients a day, with the aggregate "capitation fee" to the doctor less than what a barber received for a haircut.

But a new idea had been born and its time had come, so that by the beginning of World War II replicas of the Prussian model of authoritarian medicine had spread across Europe, embracing Britain, Norway, Iceland and Russia. Its watershed era was that period between 1943-46 when the parliamentary governments of liberated Europe were in shambles.

"In the class war between the State and the German doctors, the muscle lay with the State."

Under these conditions far-reaching health care legislation was hurried through where, under normal conditions, debate and modification would have been possible. France, for example, in 1944 passed its social security law of left-wing coloration in a virtually empty Chamber of Deputies—a tactic not entirely foreign to our own champions in the Congress when it comes to the passage of pet or controversial legislature, as witnessed by the recent passage of the "PSRO" amendment to the Social Security Act.

If the strategy to divide and conquer is a psychologic maxim in the subjugation of a people or a class, it was never better applied than by Aneurin Bevan in the case of Britain's compulsory health care system. Modeled on the Soviet scheme of cradle to grave health care, and introduced to Parliament at a time when communists the world over were the darlings of the West, the shrewd Bevan staked his future, and that of his party, on an experiment so bold no one before Lenin had dared it: the best health care the country could provide—and all for nothing! Well, for him, Bevan's gamble paid off and he obtained his niche in history, but Britain had spawned a voracious beast. In 1946 Britain passed the National Health Service Act. The former panel system of Lloyd George was abolished; in its place was established the Ministry of Health. The medical profession was tolerated in an "advisory" capacity; but, whatever its views and opinions, in the final analysis, it remained to the Minister's discretion as to whether these views were heeded, much less published. The British practitioner was placed on a yearly capitation fee with his

income dependent upon the number of "heads" registered with him. No consideration whatsoever was given to the number of consultations or visits involved in rendering the service; nor to the amount of time and ingenuity devoted to the individual case. Overnight, it seemed, the British people had become the master and the doctor the slave.

What must be grasped at the outset is that in all governmentalized systems of health care the doctor is the key figure. He determines who is sick—and for how long; he specifies the quantity and the quality of medicines dispensed (as brought out in the U.S. Senate subcommittee on health, the American Pharmaceutical Association would like to place the latter function in the hands of the corner druggist); the need for hospitalization, laboratory work, x-rays, surgery; and, because of his unique position in the system, it is the doctor who determines the *cost* of the system. It is the nettling item of *costs*—not the quality of care, that's left up to fate and the trustee (PSRO) wardens—that ultimately becomes the crux of all governmentalized health schemes. As the costs mount the expedient course for the bureaucracy is to indict a scapegoat, in this case, the doctors: lean hard on them; cut their fees; denounce them as greedy profiteers trafficing on the poor and the sick. Right or wrong, it is both a popular and a money saving device. Apropos to this kind of demagoguery is the action of the Israeli government in that country's recent doctor's strike, where the doctors' "inconvenience" to the populace was used as an effective weapon against the striking doctors.[3] Citizens, it seems, are willing to trust their most priceless possessions—life and health—to the physician, but their perverse nature becomes manifest when they are called upon to lend a sympathetic ear to that same trust in matters politic and economic. Unfortunately, the citizenry seldom employs that same yardstick to measure the credibility and performance of its politicians.

"What the British doctor overlooked was that once the principle of compulsion *was accepted, the terms and stipend became immaterial."*

Once in the saddle, Bevan recognized the connection between costs and the doctors in a compulsory health system. Realist that he was, he knew that the operating costs of his socialized medicine could never be controlled unless the doctors were subjugated; and, to effect this subjugation the "democratic" means lay in the systematic, relentless, legislative pauperization of the British physician. Having recognized the elemental logic in the new Realpolitic, Bevan drew the conclusion and acted with dispatch.

NO SALE

British doctors, before Bevan, provided for their retirement by selling their practices, but under Bevan this exercise of freedom was abolished. In its place the doctor was induced to government service where a retirement pension would be provided. Why was this most elementary property right—tantamount to the sale of good will or a patent right—summarily prohibited in democratic Britain, if it were not to emasculate the physician and force him into a rigid, governmentalized system where he could be regimented and controlled? It was, quite simply, the bold demonstration of the cardinal ethic in all egalitarian systems: the anathema held for the elite.

To their credit the British doctors did protest; but instead of standing on principle, they argued about technicalities: who was to be given hospital privileges; the kinds of honoraria. What the British doctor overlooked was that once the principle of *compulsion* was accepted the terms and the stipend of employment became immaterial. Now, the State would set the terms and the conditions of employment, depending on how it viewed the needs of the time.

How right did Bevan gauge the doctors' solidarity! When it came to the showdown on Bevan's health scheme 35 percent of Britain's medical profession defected to the State, including the top leadership of British medical and dental associations. The remaining majority was then coerced into submission by the substantial threat of losing all claim to compensation for the capital value of their practices. Just as their German counterparts four decades earlier, the British doctors, by submitting to a combination of intimidation and collaboration, surrendered their right to professional freedom, and to add injury to insult suffered, on the average, an immediate reduction in income by 25 percent!

With the German and British conpulsory health experiences as a background, what have been the overall consequences of authoritarian medicine? What, for example, happens to the scope of compulsory medicine once it becomes the law of the land? To begin with, once it is accepted that the taxpayer is to participate in the cost of the program the basic barrier to expanding the system—from a limited medical insurance to an all-embracing medical security—is jettisoned. (Remember how modest America's Social Security Act began?) From here it becomes axiomatic for the system to expand *horizontally:* embrace more and more people—family members, occupations, the rich—until the entire population is included.

The second aspect of growth in a compulsory medical system is a vertical one: having enrolled the nation in totality, next what must be offered is more cash benefits, commodities and lengthened services, with less and less costs, ostensibly, to the recipient. In

addition to hospitalization, supply aid to the family while the breadwinner is sick. Extend the period of treatment indefinitely; increase the benefits to match the cost of living (adding still another log to the fire of inflation). Ultimately reduce the recipients' participation to near zero, as in Italy and Poland, adding this cost to the employers' in the delusion that this kind of subsidy is somehow different from subsidies out of the general taxpayer's pocket.

The lateral, or horizontal growth of the health bureaucracy is one of the hallmarks of compulsory medical care. As the beneficiaries increase into the millions, and the benefits become multitudinous, the number of offices, agencies and health workers become legion as they expand and grow to meet the demand. In any event, the widening of coverage to more and more people often has little to do with actual need; rather, it is more in keeping with political imperatives. One fact is certain: once a compulsory medical system is established, even if bankrupt or totally unsatisfactory, it is *never* abolished. Always, means will be found to perpetuate the system, even if the means negate the purpose of the ends; and, in such circumstances, when conflicts arise between political objectives and financial realities invariably the doctor becomes the first victim.

"Widening the coverage to more and more people often has little to do with actual need; it is more in keeping with political imperatives."

SOARING COSTS

On July 5, 1948, when Britain began the business of "free" medicine, the health budget was set at what was thought to be a "reasonable" 200 million pounds for the first nine months of operation. Eight months later the popularity of "free" teeth, spectacles, aspirin and tonsillectomies increased this figure by 75 million more pounds, as every man, woman and child flocked to partake of British benevolence. When the second year of such largess came around the health bill came to 350 million pounds—75 percent more than the Minister had estimated, just a short nine months earlier; and three times more than the Beveridge plan had gauged *for 1955.* Clearly, something was wrong, as grim reality descended upon Parliament. In its 1949 *Select Committee on Estimates* Parliament inquired of the Minister of Health: what went wrong? Nothing very much, really. Like America's Medicare budget, Britain's health budget, too, was estimated grossly—some would say, deceptively—low.

To the health visionary the consideration of costs in his world of compulsory health care may seem mundane and pedantic, but what emerges from a consideration of costs in a compulsory medical system is that once the principle of necessary health care is accepted—that it is a "right"—and access to it is opened at little or no expense to the recipient, the application of rational actuarial principles becomes impossible. Add to this the factor that when people are forced into a collective enterprise, or compelled to pay for a governmentalized system in which they share no responsibility nor take little interest in its welfare, they tend to abuse it and exploit it with a vengeance. If the recipient is required to contribute something to the system this acts as a further stimulus to maximize his demands for a return on his contribution. The result is an inflationary demand, and all moral exhortations notwithstanding, nothing checks this excessive participation.

In a system that places a premium on being sick, the dividing line between the sick and the worried well often is blurred and indistinct. Consider the conditions: here is a doctor, one among many (for one of the benefits of compulsory medicine is an increase in the supply—but not necessarily the quality—of doctors), existing on an income that beggars the tradesman, with his only avenue of escape—private practice—curtailed or abolished altogether, dependent upon the number of "heads" registered with him (if he is on a capitation basis)—and that number depending on the extent to which he obliges his patient, both in sickness benefits as well as ancillary considerations from the system. Under these conditions will the doctor refuse the questionable malingerer another week of medical leave, knowing that if he does the patient will, soon enough, find a more accommodating doctor around the corner? By the same token, will the doctor declare a patient healthy and risk the consequences of error when he has no time for proper diagnosis? When both the recourses of the patient and the State are formidable and stacked against him, as they are in Britain? Ethics notwithstanding, elementary human nature testifies to the contrary. And so, human nature being the cautious thing that it is, the expedient course for the doctor is to make a "safe" diagnosis: one that satisfies the patient and at the same time keeps the doctor from the scrutiny of the trustee doctors (Senator Bennett's PSRO wardens), trusting a good outcome to the wisdom of prudent nature, merciful Providence, the stars, etc., etc.

In the mechanism of compulsory medicine the danger to the doctor—and, ultimately, the patient—is not so much that the doctor is given a free rein to quick diagnosis and treatment on a surgical and pharmaceutical basis; rather, it is that compulsory medicine reduces the *conscientious* doctor to the level of a mechanized robot in the exercise of his professional duties. Here, then, is the doctor's crucial dilemma: rationalizing the needs of his patients with

those of the State. How he solves it determines the bend of his conscience. Some reconcile themselves to their fate and cope; some, while there is still time, emigrate; and some merely go mad.

WEALTH DISTRIBUTION

But there is another facet of compulsory health care commonly ignored, and that is, that like the "progressive" income tax and social security legislation, compulsory health care serves as a further means of wealth distribution. Only the distribution is not so much between capital and labor as it is between the beneficiaries. The chronic sick, the hypochondriac, the unproductive worker cling to the back of the system, drawing far and away more out of the system than they ever put into it, while the young, the healthy, the productive worker bear the brunt of the system and receive little or nothing for their contributions. These inequities tend to foster discontent, absenteeism and contribute much to the reduction of national productivity, which for a nation such as Britain, struggling for its competitive place in the sun, is a form of national suicide.

Compulsory medicine, so the argument goes, offers the inducement for the early detection of disease: diabetes, glaucoma, tuberculosis, hypertension, cancer—in this respect it is, most assuredly, right, which is no mean accomplishment and certainly is a testimony to its historical credit. But, it must be remembered, so did the charity clinics which were formerly available to the poor (a term which stands in much need of defining). In any event, it is probable that the same results could be obtained under free market conditions—albeit more slowly, perhaps—but without loss of quality medical care, and at far less cost and disruption to society.

Finally, two additional phenomena emerge that seem to accompany all compulsory health care systems. As the system expands—as invariably it will—its facilities and resources become overloaded and, where before, under free market conditions, there were patients who could not pay for what they needed, now, under compulsory medicine, there emerges the submarginal patient: the patient who cannot obtain that for which he has been taxed. But one wrong is not necessarily balanced by a right; and so, as the inequities mount, and human worth cheapens, the gap between compensation and effort widens to create still another class of patient: the "phantom" patient—the fictional patient created by the practitioner to pad out his capitation allowance in order to gain some economic leverage in a world that for the practitioner has become a Sisyphean existence.

Waste, corruption and mediocre medicine seem to be the common denominator operating in virtually all compulsory health care systems. That such systems succeed at all is due to the inherent decency attending a civilized society. It takes a long time to indoctrinate a civilized society in the expediency of fraud. Soon enough, however, a few smarten up and serve as a catalyst in the demoralizing process. Much like the "seasoning" influence exerted on juveniles confined to houses of correction, the operation of the system itself—the long office wait, the three-minute diagnosis, the hasty prescription, the endless red-tape, the crafty wink at flexible integrity, the total forfeiture of privacy and confidentiality—all serve as a practical education in the cynical art of extracting more and more for less and less.

"In a system that places a premium on being sick, the dividing line between the sick and the 'worried well' is often blurred and indistinct."

The consumate tragedy in this systematic process of dehumanization is that ultimately the humanity involved—the doctor and the patient—become ground down into a kind of *quid pro quo* condition of degenerate symbiosis, in which the patient's propensity to cheat is traded off for the doctor's accommodating compliance.

Without doubt there is much room for improvement in the present day system of medical care and its delivery in the United States; but accomplishing the desired objective without coercive forces and bankrupting the nation is the crux in a democratic society. Oftentimes the pecuniary interest of the health professional—particularly when he functions as a vendor of ancillary health services—creates a conflict of interest that (sad-to-say, with few exceptions) operates to the subtle detriment of the patient. The captive surgeon, for example, functioning ostensibly under freedom's banner of independence and objectivity, but in practice operating at the referring behest of wealth-garnering colleagues, is *not* independent, objective nor free; and such a lackey is a menace to a trusting humanity, a mockery to freedom and a disgrace to his profession.

Admittedly, then, there are serious deficiencies in the American system of health care and its delivery, and while the corrective process may be proceeding at an agonizingly slow pace—for the reformers at least—nevertheless it *is* proceeding.

Yes, there is much wrong with the present fee-for-service system of health care in America, but, there are larger beams in the Nation's eye than the mote of fee-for-service medicine. Perhaps it will go down as the most absurd irony of our time that a political body (the Congress) whose polled credibility stands on a par with that of used car salesmen, is about to impose its collective judgment and direction upon

another organization (the medical profession), whose overall conduct and accomplishments have earned it just about the highest esteem rating among the people it serves. Yet today that system of esteemed medical care is about to be replaced with a system of compulsory health care, despite the fact that nowhere has it been established that the availability of "free" health care, be it on an insurance basis or a security plan, has stimulated incentives, mitigated industrial strife, reduced absenteeism, forestalled radicalism, strengthened respect for law and order, or induced labor to disclaim higher than economic wages. Ironically, in all compulsory health schemes, as more and more resources are spent to combat physiological diseases, more and more psychological incentives for illness become fostered, and the net result for the long term is a steady deterioration in the quality of life.

"The young, the healthy, the production worker bear the brunt of the system and receive little or nothing for their contribution."

Rx: FREEDOM

As a laboratory science medicine may function satisfactorily under a totalitarian regime such as the garrison state of the Soviets, but as an art it can only flourish under freedom. If the sum total of humanity's progress has been toward the dignification of the individual, then under compulsory medicine it is due for a shocking setback. If anyone thinks the Constitution stands between him and totalitarianism let him ponder for a moment and recall that old Machiavellian maxim—the end justifies the means—that was trotted out so recently by the Supreme Court in the case of the Bank Secrecy Act. Failing that, if he does not believe in the capabilities of his government in the exercise of expediency let him reflect on the internment of Japanese-Americans during World War II. How does freedom die? "Not with a bang; but with a whimper."

In the real world—beyond the looking glass—the world of grim reality, where there is no such thing as the "free lunch," two and two still make four; and in the long run nobody gets anything for nothing. In the final, bitter analysis it comes down to the elementary fact of life that the national income, which is the sum total of the sweat and toil of us all, must pay for everything the nation consumes, unless it lives on handouts from abroad—and at this writing the Arabs do not appear to be disposed to "foreign aid" to America. No nation—including the U.S.A.—can provide more in health care than its economic production permits. Yet, if the most effective control on the consumption of a commodity—its price—is removed then, to keep the system in bounds, the necessity of imposing physical controls is created. It is in this connection that the greatest danger to the individual's liberty lies. For, as in no other field of social security legislation, governmentalized health care means direct intervention into more and more sectors of business activities, as well as the most intimate aspects of private life.

And next to a war the greatest adjunct to inflation is a compulsory health care system. For over 40 years now the American people have been warped into a position of Constitutional serfdom by the combination of mounting inflation and onerous taxation. If Australia's Robert Murdock is correct in his observation that no parliamentary democracy has survived an inflation rate of 15 percent longer than two years, then today, the United States, with an inflation rate in excess of 10 percent may be leaping not into the rosy future of Utopian Socialism, but rather into the hell of oblivion that engulfed the Roman Republic, and like that ancient model of government the Republic of the United States may endure only as an historical memory.

A quarter of a century ago Roscoe Pound[4], writing on the professions in society observed: "It should be remembered that the rise of the totalitarian state was coincident with the general reception of the idea of the *service state* and both have Marxian socialism in their pedigree. Each, in its way, postulates an omnicompetent administration by supermen. If experience may be vouched, that means, in the end, supermen under the direction of an ex-officio superman."

It is only a scant decade away until 1984, and already physicians are experiencing the heavy, arbitrary hand of the State in the administration of the Medicare program. It may well be that compulsory medicine will be the tripping mechanism that catapults this Nation into an Orwellian destiny. *Caveat emptor.* ◻

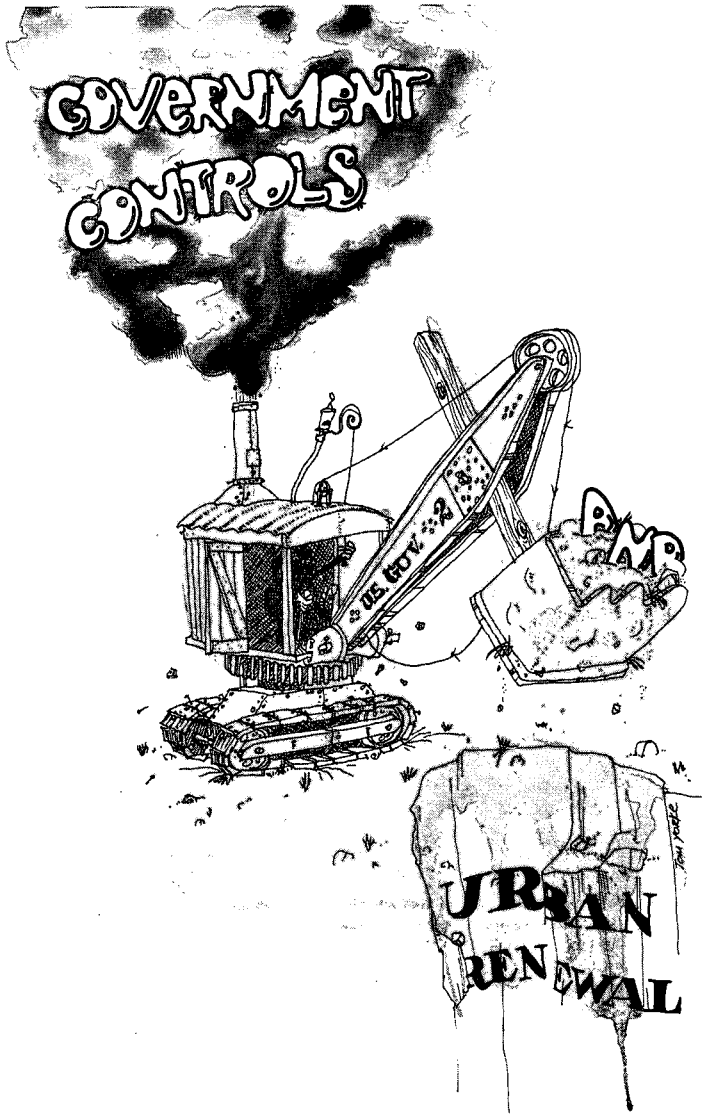
NOTES AND REFERENCES

[1] Melchoir Palyi, *Compulsory Medical Care And The Welfare State* (National Institute of Professional Services, Inc., Chicago, 1949). I am indebted to Professor Palyi's trenchant and discerning primer on the genesis of compulsory health care systems which is the major source of historical data used in this article.

[2] *Program Status Report, Health Maintenance Organizations, February 1, 1974* (Health Services Administration, Department Health, Education and Welfare, March, 1974). This is a resume of P. L. 93-222: The Health Maintenance Organization Act of 1973, Section 1311 of this Act spells out the manner in which the Act will abridge Article X of the Constitution with respect to the preempting of certain States' rights.

[3] Harry and Ruth B. Schwartz, "Was Israeli doctors' strike a win, loss or tie?," *Modern Medicine,* March 18, 1974.

[4] Roscoe Pound, "The Professions in Society Today," *New England Journal of Medicine,* September 8, 1949.



Edmund Contoski

Everyone agrees our cities are in bad shape. Everyone agrees that something *has* to be done. And almost everyone agrees that more money and more effort should be spent on the kinds of "solutions" which have failed in the past. *I* think it's time to ask whether or not we are mistaking the problems for the solutions.

Take the problem of suburban sprawl. In recent decades monotonous suburban growth has spread out from our cities and devoured the countryside in its path. This development pattern has come to be regarded as the product of largely unregulated growth. The problems of suburbanization are commonly believed to be solvable or avoidable only by more government intervention in the process. But what caused suburban sprawl in the first place? Was it natural economic and social forces—or government policy?

In the 1930's it was the government's policy, based on the "Garden City" concept, to encourage suburban development. Several decades of such policies ruined the countryside and fostered the slum conditions in our central cities. So then programs such as urban renewal were established to attempt to rectify urban problems caused largely by earlier policies. Government urban policies have been a series of attempts to cure the effects of one economic distortion by substituting another.

INTERVENTION DISTORTS

All government economic interventions are economic distortions. If a policy is economically sound, it does not require government intervention to bring it about. If it is not economically sound, making it mandatory by government regulation will not make it more economic.

What were the economic distortions which caused the rush to the suburbs? First of all, the government financially subsidized home ownership by introducing long-term tax-backed mortgages. It also discriminated in favor of home ownership by allowing mortgage interest payments as an income tax deduction.

Financial policies were not the only tools the government used in shaping our urban form. The U.S. Dept. of Commerce persuaded states to enact the enabling legislation for zoning. The local governments then got into the act and earned their share of the blame. For instance, they zoned an uneconomic amount of land for single-family residential development. By thus creating an artificial oversupply of single-family land, the suburban governments depressed prices for such land. This encouraged more suburban single-family developments.

At the same time, the supply and demand relationships for apartment land were distorted in the opposite direction. Apartment zoned land being rare, such land brought, and continues to bring, higher prices. (In outlying areas of Houston, where there is no zoning, land for apartments costs *less* than for single-family homes.) In zoned areas, the scarcity and high price of apartment land inevitably result in higher rents. Thus people who cannot afford a home end up paying a higher rent—courtesy of zoning ordinances enacted for their "health, safety, and welfare."

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Moreover, in areas where the supply of apartments is artificially constricted by zoning, the few existing apartments have a monopoly or oligopoly on the market. Zoning protects them from the competition of a free market. There is little need to meet competitive prices or values if zoning has precluded the possibility of competitive developments in the area. This is even more evident in mobile homes, for there are many communities where there is zoning for only a single mobile home park. If that is the only place for mobile homes, the owner of that property need not be too concerned about price competition or environmental quality.

Of course, many communities do not allow *any* mobile homes. Generally this is accomplished by indirect means since the courts have taken a dim view of outright prohibition. Typically, local governments adopt regulations with rigid and costly standards for mobile homes to discourage them. In any case, people who prefer mobile homes, or who can't afford anything else, may find their preference foreclosed or hindered by zoning. So they must turn to more expensive housing or an older home, if available. Or else they have to commute a greater distance to someplace that allows mobile homes. Tough luck, but the folks in city hall know what's best—or do they?

LITTLE BOXES

As to monotonous uniformity of suburban areas, this results largely from the uniform restrictions with which the industry must comply. It is no coincidence that in a given area all homes have the same setbacks, are the same distance apart, are the same height, and are on similar sized lots. Such monotony is the product of regulations specifying setbacks, side yards, height limitations and lot sizes! And the effects of these regulations are not merely visual. By forcing low densities through requirements for long setbacks, large lots, etc., municipalities raised the cost of lots. They also managed to achieve such low densities that no mass transit system could economically serve such areas.

"Government urban policies have been a series of attempts to cure the effects of one economic distortion by substituting another."

Then in order to alleviate the traffic, the government built freeways from the cities to the suburbs. This facilitated immigration to the suburbs—and added impetus to the process. Suburbanites could work in the cities and commute on the "free" traffic arteries that the city residents helped to finance. In such ways the cities were forced to subsidize their own debilitation.

There is still another issue where governmental controls influenced suburbanization. This is the issue which has influenced emigrations throughout history, including the emigration from Europe to this country. The issue is the comparative degree of freedom. People gravitate to freedom. Just as people came to America to escape the restrictions of their homelands, just as people flee from East Berlin to West Berlin, just as feudal serfs in the Middle Ages escaped *to* the city (where they would be *free* from feudal restrictions if they remained for a year), so too are people now leaving the city. Nowadays there are fewer restrictions outside. If cities do not allow mobile homes, people move out to the country. If cities do not allow plastic pipe, plastic electrical cable and other modern features, people go elsewhere. They go where there are no building codes or zoning ordinances, or at least where they are less restrictive. Much of suburban development has been a process of staying one suburb ahead of the growing governmental controls. As each suburb matures and progressively adopts the codes and other restrictions which are killing the central cities, developers and residents move further out. Meanwhile, the planners and government officials moan that they could correct everything if only they had more controls.

Controls always lead to more controls. The initial controls create economic distortions which it is said, can be corrected with additional controls. These create additional distortions, leading to more controls, etc. There are countless examples of this. The history of the entire British economy is one of the most comprehensive examples. A striking example in our own country is the railroad industry. The railroads have been strangled by ever-greater controls, each one of which was going to "save" them.

On the urban scene we can see how government controls have fostered suburban growth—at the expense of the cities—leading to the clamor for policies and controls to save the cities. We can see how government controls have raised the cost of lots, how building codes have raised the cost of homes, how zoning restrictions have raised the cost of rents, and how government manipulation of the money supply has led to the highest interest rates homeowners have had to pay on mortgages in history—leading to the clamor for rent subsidies, interest subsidies and other subsidy programs for home buyers. We can see how the low density controls have now led to the clamor for subsidization of uneconomic mass transit systems. Each set of controls has created its own problems, for which new controls are advocated—always with a corresponding drop in the freedom left to the property owners.

WHY ZONING

Zoning—which today is used to destroy property

rights—originally was a reaction to the *violation* of property rights. Historically there were cases where factory chimneys dumped so much soot on adjacent properties that housewives dared not hang out their wash or open their windows. If they did, coal dust would settle on their wash or on everything in their homes. Such occurrences were in fact violation by the industries of the property rights of surrounding residents. The industries were using other people's property (as a dumping ground) without the owners' permission and were impairing the owners' use of their own property. Such cases were legitimate grounds for the intervention of the police power in defense of the residents' rights. Remember zoning is an exercise of police power. The proper function of all police powers is the protection of the lives and rights of citizens, including their rights to property.

Although the protection of rights furnished the rational basis for the introduction of the police power, this basis was not clearly articulated. Instead the police function was championed on the basis of protecting the public good rather than protecting private property. As a result, the police power became a means not of protecting individual rights but of subordinating them to public direction. Zoning is such a manifestation.

As with other laws, zoning laws originally specified what was *not* allowed, what would supposedly violate the rights of others. Laws pertaining to murder, theft, etc. do not tell a person what he must do. They tell only what one must *not* do. Anything not prohibited by law is within the scope of freedom. The greater that scope, the greater the development of new ideas. That is why the freest nations of the world are the most advanced and why the freest cities are the most progressive.

As zoning ordinances became increasingly restrictive, several crucial changes took place. Zoning became totally divorced from and at odds with the concept of property rights. Most of the early advocates of zoning were not champions of property rights anyway, but the grievances they raised had a valid relationship to property rights, as noted above. Though such relationships were not generally identified, the grievances received enough public attention and political concern to result in widespread acceptance of zoning. Because the link between property rights and zoning was not generally understood in the first place, nothing prevented the latter from being used to destroy the former. This is what has happened, and this is what was intended by most of the social reformers who saw zoning simply as a political tool for achieving their social objectives.

As zoning became more restrictive, zoning districts became more exclusive. Still, in the attempt to make districts more exclusive, it was not always possible to foresee and prohibit new land uses. Zoning, like other laws, is based on the past. Occasionally it happened that someone thought up a new industry or a new commercial venture (like motels) or a new type of housing (like mobile homes). Such developments got started before the cities got around to including it in their zoning ordinances. In order to keep progress at a pace the city governments could keep up with, someone got the idea that zoning ordinances should henceforth list *permitted* uses rather then *prohibited* uses. That way if anyone thought up a new use it was automatically prohibited unless and until the city got around to acting on it. The effect that approach has on progress is obvious, but it did much more than retard the acceptance of new uses. The underlying implications were much more serious. Now zoning—unlike any other police function in a free society—would tell a person what he could do rather than what he could *not* do. The law would tell him how to use his property. Early zoning ordinances prohibited certain uses, but many other uses were still possible. But when a zoning ordinance now permits only *one* use of a person's land, law has replaced the owner's mind in selecting the use for his property. On a larger scale, the *function of law has replaced the function of reason in the marketplace of urban development.*

NO RIGHT

Of course, replacing human choices with government decisions was possible in this issue only by acceptance of the idea that owners had no *right* to make the choices. *Other* people were somehow assumed to have rights to one's property, and the

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owner could only use it with *their* permission. An individual's right to use his own property degenerated from a *right* to a *permission.*

Rational laws, which tell a person what *not* to do, delineate violations to others' rights by damage to their persons or property. Examples of this are laws on assault, theft, and arson. But often zoning and other urban controls eliminate choices of the owner which would in no way damage the persons or property of others. When zoning ordinances switched from specifying prohibitions to specifying permitted uses, they abandoned any pretense that the alternatives foreclosed were, as in other laws, *necessarily* violative of others rights. If this were not so, there would be no justification for P.U.D. (Planned Unit Development) zoning, conditional use permits, or variances. The fact that zoning now prevented people from actions that injured no persons or property, that violated no one's rights, should have alerted people that zoning extended beyond the legitimate role of police power. Moreover, if all uses not specifically permitted are illegal in a given district—even new uses for which no district yet exists—obviously zoning today assumes that all uses except those permitted are guilty until proven innocent. The idea of assumed guilt until innocence is proven is so foreign to the development of human freedom and progress that it alone should cause us to question not only the means and goals but the very premises of such political instruments.

"Other people were somehow assumed to have rights to one's property, and the owner could only use it with their permission."

The extension of any law beyond the rational legitimate function of police power is the threshold beyond which these controls begin to create more problems than they solve. In the case of zoning, for example, the uniform lot and building restrictions lead to the problems of monotony and inadequate flexibility in adapting to terrain. Also, the standard land use structuring of zoning inhibits the building industry from creating balanced large scale developments of integrated uses and compounds traffic problems. Recognizing these problems created by conventional zoning, municipalities are now giving much favor to Planned Unit Development zoning. This is nothing less than complete design control. If limited design controls have been ineffective and created problems, maybe we ought to be eliminating those controls rather than surrendering complete design control to the same agencies.

P.U.D. zoning does allow circumventing some of the conventional zoning restrictions, but at least the conventional restrictions were objectively defined. P.U.D. zoning is necessarily on a discretionary, subjective basis. This makes it more susceptible to arbitrary judgment, political influence, and pressure —whether justified or not—from surrounding residents. This usually requires the developer to spend more money on rezoning efforts and public relations and makes rezoning more speculative. In addition, the absence of objective standards makes it difficult to seek remedy in the courts if an adverse decision is rendered by the municipality. Even if a favorable decision is obtained from the municipality, the developer's problem with this kind of control may not be over. He may now have the problem of being locked-in to a plan in which he has no flexibility to adjust to unforeseen difficulties, construction and financing delays, cost changes, or reappraisals of the market.

It is often said that strict controls are drawn to keep out bad developments and that they work no hardship on the good builder or developer. This is not true for several reasons:

1) Compliance may raise costs. If the company would build to the same standards without the regulations, the regulations are superfluous. But if the company adjusts to build to the regulations, a cost is involved which is ultimately borne by the consumer. If a "good" company would build to the same standards regardless of the regulations but the "bad" company would not, the purchasing public would decide whether or not such standards were worth the cost.

2) All laws are necessarily based on the past, whereas the builder or developer must always make his decisions on the future. What sold well in the past will not always sell well in the future. The needs and tastes of people are always changing. Furthermore, no matter how much governmental agencies might attempt to provide for the future, they can never be omniscient. Consequently, in spite of their good intentions they cannot possibly provide for products not yet invented or techniques not yet devised. Most people will agree that our building and housing codes were drafted with the best of intentions. But it is generally recognized that they have done more to prevent progress in the building industry than to eliminate inadequate construction.

3) Controls do not eliminate shoddy design or workmanship. They just make it harder to find. Controls merely standardize the most obvious features, the ones where the average consumer would otherwise be best able to tell the good from the bad.

4) "Good" controls do not keep out bad builders and attract good builders. Good builders are attracted to *no* controls. Bad builders are attracted too, but they can't stand the competition—unless they improve. Thus competition raises the whole level of the industry. In the long run, competition is the best control, the consumer's best protection, and it is self-policing. Paradoxically, bad builders may well be attracted to just the kind of ordinances intended to keep them out. This is because the good builders will be elsewhere, and the inferior builders pick up the slack. They are willing to produce whatever is necessary to hit that market since that's all they can get. But the better companies will be unwilling to perform the administrative and architectural contortions necessary for approval. They have better things to do.

The basic issue is not how to write controls or what controls to write. The basic issue is whether or not controls are the proper means of obtaining good urban development. In *The Death and Life of Great American Cities,* Jane Jacobs wrote:

> The cataclysmic use of money for suburban sprawl, and the concommitant starvation of all those parts of cities that planning orthodoxy stamped as slums, was what our wise men wanted for us; they put in a lot of effort, one way or another, to get it. We got it.

That the government has now decided to reverse its effort and spend money in the opposite direction is not the crucial point. *The crucial point is the concept that a handful of men should decide what is good for other people and then pass laws depriving them of their rights in the matter.* Several decades ago this same approach was tried on the issue of alcoholic beverages. The "solution" turned out to be worse than the problem, and, fortunately, the liquor prohibition was repealed. Today, however, we still have a *prohibition mentality* operating in the field of urban development. That in itself is absurd, but that we should be extending the prohibitions and increasing the controls is even more absurd—especially in view of their performance record over the last several decades. In view of that record it should not surprise us that people are leaving the controlled environment of the cities and fleeing to the suburbs and the country. It should be no more surprising than East Germans fleeing to West Berlin. I am convinced that the solution to our urban problems lies not in expanding our controls so that they form a "Berlin Wall" of regulations from which there is no escape. Rather it lies in the preservation, restoration and extension of the freedom which produced the best of what we have. ◻

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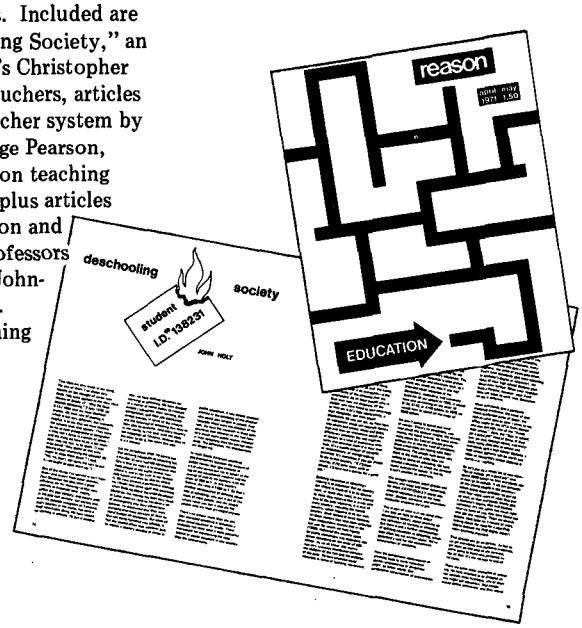

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	S** A***	CDC
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	1 Chicken TVP	2 Chicken TVP
	1 Red Beans	2 Ham TVP
	1 White Beans	2 Plain TVP
	1 Lima Beans	1 Lima Beans
	1 Split Peas	1 Split Peas
	3 Egg Mix	2 Egg Mix
		1 Peanut Butter
		1 Cheddar Cheese
	9 Cans	16 Cans
(*TVP = Textured Vegetable Protein, Soy Based Meat Substitute)		
FRUITS:	2 Apple Slices	1 Apple Nuggets
	1 Apricot	2 Fruit Mix
	1 Peaches	1 Peaches
	1 Prunes	1 Banana Slices
	1 Raisins	1 Raisins
	6 Cans	6 Cans
VEGETABLES:	2 Carrots	1 Carrots
	2 Corn	1 Green Beans
	2 Peas	1 Peas
	2 Tomato Crystals	1 Tomato Crystals
	1 Celery	1 Stew Blend
	1 Spinach	1 Soup Blend
	1 Cabbage	1 Cabbage
	1 Mashed Potatoes	2 Mashed Potatoes
	12 Cans	9 Cans
GRAINS:	3 Rice	2 Rice
	2 Grainola	2 Cereal, Fruit, and Nut
	2 Rolled Oats	2 Rolled Oats
	2 Macaroni	1 Macaroni
	1 Cornmeal	1 Cornmeal
	10 Cans	8 Cans
GRAINS:	24 White Flour (100 lbs.)	3 bags (50 lbs. each) of
	6 Cracked Wheat (27 lbs.)	Whole Kernel Wheat
	127 lbs.	150 lbs.
FATS:	None	3 Margarine
		3 Shortening
		6 Cans
SUGAR:	None	2 Brown Sugar
		2 White Sugar
		4 Cans
SUPPLEMENTS:	2 Gelatin	1 Salt
		1 Baking Powder
		1 Baking Soda
		1 Beef Soup Base
		1 Active Dry Yeast (about a #3 size can)
	2 Cans	5 Cans
MILK:	24 INSTANT powdered milk (51 lbs.)	12 REGULAR powdered milk (48 lbs.)

(NOTE: CDC's 12 cans of Regular Powdered Milk yields about the same amount of reconstituted milk as S A***'s 24 cans of Instant Powdered Milk.)**

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		QTY.	AMOUNT
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FIVE OPTIONAL CASES:		QTY.	AMOUNT
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Case L - 1 Yam Flakes; 2 Granulated Potatoes; 1 Diced Potatoes; 2 Mixed Vegetable Soup	$30.75	____	_____
Case M - 1 Corn; 1 Spinach; 1 Celery; 1 Onions; 1 Carrots; 1 Stew Blend	$39.45	____	_____
Case N - 1 Date Dices; 1 Fruit Cocktail; 1 Peach Slices; 1 Prunes; 1 Raisins; 1 Banana Slices	$47.65	____	_____
Case O - 1 Shortening; 1 Margarine; 1 Butter; 1 Sour Cream; 2 Eggs, whole or scrambling	$54.80	____	_____

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editorial

WAITING FOR GULAG

Ask not what the government can do for you. Ask what the government is doing to you.—David Friedman

Ever wonder what the government will be doing to *you* in, say, five years? Well, the answer is as close as your nearest news magazine or city newspaper. Read the statements of government officials and of personages who might be included under the heading "The Power Elite"—every once in a while one of them will make a perfectly outrageous statement about future public policy such that you'll say to yourself, "Oh, people will never go for *that!*" Days will pass and you'll see little or no commentary in other news sources about the statement—no letters to the editor or anything—and finally the incident will pass from memory. Then maybe in six months you'll notice some other VIP making a similar statement; then presto! the next news in a year or so is that Congress is holding hearings to consider implementing the policy. Next thing you know it's law—and people accept it as the progressive thing to do.

What you will have witnessed is the phenomenon of the trial balloon. Sent up by The Powers That Be to gauge public reaction to a proposed scheme, the appearance of a trial balloon can also serve to alert defenders of freedom that if they don't get busy they're going to lose another one. Watching for balloons as well as for their cousins, the denials (a denial consists of a well-placed government official denying he was contemplating taking some action, as a prelude to him taking that action. Remember when the Nixon administration kept saying they'd *never* impose wage and price controls?), is rather like watching a train coming over the horizon when you're tied to the track—at least you're not going to be surprised. And maybe you can even be rescued.

The period of time from trial balloon to ghastly reality seems to be about five or six years. The first trial balloon about the "necessity" for national health insurance if the medical profession didn't shape up appeared around 1969 (the version I spotted was buried in the back of the *New York Times*) and the second appeared about six months later (in the front part of the *Times*). Now, in 1975, the debate is over *which* national health insurance we'll get, not whether. A similar sequence was followed with regard to the FDA's imposing restrictions on the sale of vitamins, except in that case the trial balloons were noted and the group to be shafted was large and vocal. Some opposition was generated, with the result that the restrictions haven't gone into effect yet.

Now, within six months of each other, two trial balloons have gone up which, if ignored, could have rather ominous implications for all of us. The first occurred last fall when then Attorney-General William Saxbe charged that local police weren't doing a very good job of preserving law and order and ventured the opinion that if something weren't done to bring down crime rates the American people would be demanding a national police force within five years. Not that *he* wanted to see such a thing happen, of course, but . . .

Then the second occurred in late February of this year when Frances G. Knight, director of the State Department's Passport Office, said in a published interview, "It is my considered opinion that the U.S. Government owes every American citizen a true, recorded national identity to protect him from criminal impersonations. . . . I predict that national registration eventually will come to this country because it will be demanded by citizens who are sick and tired of supporting nontax-paying criminals and illegal aliens."

Now the newspaper reports of the interview generally tried to dismiss Ms. Knight as a bureaucrat long overdue for retirement who is simply interested in expanding her department. While that may be true, her statement has the ring of an idea whose time may unfortunately come. Notice the mention of citizens having to support nontaxpaying criminals—do you think she simply means murderers and muggers who forgot to file their 1040? Maybe I sound paranoid but at a time when there's talk about the Social Security System having to be funded out of general revenues, when inflation is getting out of hand because too much unbacked money is circulating, when the IRS admits that vast numbers of people are evading taxes and that an active Tax Resistance movement is underway, *I* think she means tax evaders (who are criminal by definition). And what better way to sell the idea than to imply that everyone else will be able to pay less if only these "deadbeats" were caught. (If that doesn't convince people she has the part about catching illegal aliens—everyone *knows* how they are taking jobs from Americans and helping to cause the high unemployment.)

Now, you can expect that the IRS, if asked, will deny that they'll use the internal passports and the data bank that will go along with them for any large scale crackdown on tax resisters—after all, the idea wasn't theirs—it was Ms. Knight's over in the State Department. Of course they'll ask that tax data be included in the data bank just so they can catch a few big Mafia types, and data on international currency transactions will help the border patrol catch some of those illegal aliens that are sending money back to Mexico—but, they'll say, even if they wanted to they don't have the manpower to track down every person in the country who decides not to hand over his earnings to the government.

That's where the National Police force comes in. *That,* of course, will be instituted because of rising crime rates, which local police, no matter how hard they try, just can't bring down. (Never mind that a major source of figures on crime rates is the FBI, a Federal agency, or that the *actual* crime rate *might* be going down even while the *reported* crime rate is going up because more people are calling in the police and/or the police are keeping better records, or even that inflation is causing the price of goods to rise so that what was a petty theft-misdemeanor five years ago is now a grand larceny-felony). Once instituted, a National Police Force will presumably be available for lots of jobs—checking I.D.'s, hauling in tax resisters and draft evaders, etc.

Of course, I hope all of this is just paranoid imagining on my part: certainly I'm doing a lot of speculating based on some trial balloons. But remember: the trial balloon that isn't burst when it first appears gets tougher and stronger until it turns into a ball and chain. You can't say you weren't warned!

–LYNN KINSKY

IMAGERY

(Wind. Is swelling in her skirt.
A pulsing of the temple.
Nerve-ends tremble with a blade
of grass along her inner leg.
His mouth along her shoulder.)

W. G.

foreign correspondent

THE REMARKABLE PROGRESS PARTY

Taastrup, Denmark. In the beginning of January we had another general election in Denmark, only one year after the last election which made the tax-negating Progress party the second largest party in the Parliament (and which was described in my column in the May 1974 REASON).

This new election was in principle caused by the difficult economic situation which is well known in all parts of the industrialized world, but which for specific reasons inherent in the Danish politico-economic structure has been worse here than in most other countries.

The economic difficulties manifest themselves in such convincing results as increasing inflation (over 16 percent per year), increasing debt to foreign countries and, most alarmingly, an increasing rate of unemployment which is now approaching 15 percent (as compared to about 2 percent in the beginning of 1974).

In this connection it is relevant to point out that the increase in wages in Denmark during the period 1969-1974 has been 105 percent accompanied by an increase in taxes during the same period of 177 percent (make your own guess about the cause-effect relationship involved) as compared to, say, Sweden with an increase in wages of 70 percent (taxes 83 percent) and the U.S.A. with an increase in wages of 36 percent (taxes 55 percent). Add hereto that the government during 1974 put a severe restraint on public building expenditure and it is not difficult to understand that in combination with the "oil crisis" industry has been forced to cut down production.

Furthermore the round of central bargaining between unions and employers for the wages for the next two years started in late 1974 with the unions requiring a 25 percent increase in wages and the employers requiring a standstill. The government proposed to intervene into the negotiations, but Parliament could not agree to its plan and writs were issued for an election.

The outcome of the election was not very encouraging. The left wing parties gained some seats (but are still far from having the majority); there are still 10 parties represented and the difficulties in reaching agreement on anything (which have been very marked in the past year) have not diminished, as can be seen from the fact that it has not yet (the beginning of February) been possible to form a satisfactory government. The Progress party lost 4 seats and now has 24 (out of 175) which makes it the third largest party as the liberal government party gained enough support to make it the second largest with 42 seats (the Social Democratic party is still the largest with 53 seats).

The continuing success of the Progress party is, however, remarkable. Particularly when one considers that during the past year when the party has been represented in Parliament, it has been avoided by all the other political parties as if its members were carriers of some infectious disease, resulting naturally in very little political influence. Furthermore the news media have almost all agreed to continue to make the Progress party their scapegoat and in TV interviews its representatives have been treated with more hostility and less fairness than what is shown to the Communist party.

And, finally, Mr. Mogens Glistrup, the leader of the Progress party and so far still its only outstanding figure, has been put on trial and charged with tax evasion on his own and his clients' account. It is a serious affair which may cost him a huge amount of money, up to four years of prison, withdrawal of his right to practice as a lawyer (he has the greatest law office in the whole country) and of course put an end to his political career.

Mr. Glistrup himself claims that he has not committed any unlawful acts and that the process is politically inspired in order to get rid of him and his troublesome ideas. The charge itself is very complicated for a nonlawyer (and for lawyers also, for that matter) to look through, but the essential ingredients as understood by a layman are as follows. It seems that the main issue is that the money transactions made by Mr. Glistrup and his clients are claimed to be merely fictive and only carried out in order to evade income taxes and that this is against the "spirit of the law." Whether this is true or not, I am not capable of judging, but it sure is interesting to make a comparison with those social workers who are proud of proclaiming that one of the most important aspects of their job is to find all possible loopholes in the welfare laws so that they can get the greatest amount of money and help to their clients. And surely nobody is dreaming of charging *them* with anything!

As for the question of whether the case is political, one may of course argue that *if* its main point is to establish that Mr. Glistrup has acted contrary to a not too evident intention of the law, then it could be classified as political, but it is not thinkable that it is inspired by some obscure political plot (and, incidentally, the supreme court has already determined that it is not a political case). However, it is more than plausible that the case was brought against Mr. Glistrup (and not somebody else who might have violated the spirit of some law) because he provoked the authorities and the whole country by stating publicly that he could and did manage to avoid paying taxes by cleverly exploiting the existing laws.

But this whole legal tangle does not seem to affect the voters to any large degree. In spite of all the denunciations of the press, the unwillingness of the other political parties to cooperate with the Progress party and the lawsuit which probably will drag on for years and thereby drain quite a lot of Mr. Glistrup's working capacity from his political work, there is still about 13 percent of those that voted who believe that his party is needed on the political scene—and now, less than a month after the election, the opinion polls show that the Progress party has already regained the support that it had in the 1974 election. *(continued to page 32)*

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The interesting question in this context naturally is: what has the Progress party accomplished during the year that it has been represented in Parliament? And that is a difficult question to answer. Understandably its direct influence with 28 seats out of 175 and nobody willing to have anything to do with its ideas has been limited. But there are signs that its indirect influence has been rather great. Just the fact of having a rather large tax-negating party in the Parliament has made the other politicians talk a lot more than they used to about cutting down the expenses of the state and—oh wonder, never seen before for more than a lifetime in this country—has probably been the reason for a reduction of the income tax for 1975. Never mind that it's only a small reduction and that Parliament still has not been able to agree upon which reductions in expenses (or probably rather new indirect taxes) are going to finance it: *we got a reduction in direct taxes!*

As for the future, a word of caution might be well placed. As I have stated in my previous reports on this subject, the Progress party does not have a consistently libertarian platform and, as a matter of fact, does not even consistently vote against tax raising measures when they estimate that the political situation requires otherwise. Lately there have even been signs that they are willing to compromise quite a lot in order to get some degree of political influence. But taken together with other voices that are beginning to be heard, exposing the dangerous economical road that our welfare state is taking, they might prove quite a help in bringing about at least a more sane economy.

ANNE BRINCKER

book review

Reviewed by R. A. ROBINSON

THE UNITED STATES AND THE ORIGINS OF THE COLD WAR. By John Lewis Gaddis. New York: Columbia University Press. 1972. 361 pp. $12.50 (hardback), $3.95 (paper).

This is an unusual book about the Cold War: it doesn't try to "prove" that the United States or the Soviet Union is solely responsible for the origin of that era of mutual acrimony!

In *The United States and the Origins of the Cold War,* John Lewis Gaddis provides a detailed and fascinating study of American foreign policy toward the Soviet Union during and immediately after World War II. Gaddis, an associate professor of history at Ohio University, bases his assessment of the causes and results of this policy largely on recently-opened sources. Gaddis makes extensive use of information contained in the personal papers and official documents from the Roosevelt and Truman administrations.

The conclusions drawn here differ from both the official histories of the Cold War and the revisionist interpretations which were first published in the late 1950's. Credit is given to New Left scholars for demonstrating the influence of economic considerations on American diplomacy, but Gaddis argues that many other forces also affected the behavior of the American government.

By using direct quotes from both war Presidents, high ranking members of both administrations and prominent members of Congress, Gaddis shows how domestic politics, bureaucratic inertia, quirks of personality, and perceptions—accurate or inaccurate—of Soviet intentions influenced both Roosevelt and Truman.

When Nazi Germany invaded Russia in June 1941, Roosevelt saw that this action would bring about the liberation of Europe from Nazi domination by uniting the Soviet Union with Great Britain and the United States in the war effort. A statement by Under-Secretary of State Sumner Wells summed up the general opinion within the Roosevelt administration: "In the opinion of this government . . . any defense against Hitlerism, any rallying of the forces opposing Hitlerism, from whatever source these forces may spring, will hasten the eventual downfall of the present German leaders, and will therefore redound to the benefit of our own defense and security."

Since the alliance between the U.S.S.R. and the U.S. was based primarily on the need to defend themselves against a mutual foe, that alliance started to come apart almost as soon as the defeat of Germany became a virtual certainty in late 1944. Another source of increased strain between the two countries in 1944 and beyond was the increasingly strident anti-communist attitude taken by much of the Republican party. During the Presidential campaign, Republican Vice-Presidential candidate, John W. Bricker, accused the Democratic party of merging with the American Communist party. Similar statements were also made by the Republican Presidential candidate Thomas E. Dewey. To offset these statements and at the same time continue the cordial relationship between the two countries, Roosevelt and his administration denounced domestic Communists like Earl Browder and at the same time denied any antagonism toward the Soviet Union.

However, once Roosevelt died, the American attitude toward the Soviet Union changed rapidly to one of suspicion, recrimination and then hostility. According to Gaddis, no one did more to shape Truman's views (on the U.S.S.R.) than American ambassador to Moscow, W. Averell Harriman. In one conversation, Harriman is reported to have told Truman that "Russian occupation of any country would resemble a 'barbarian invasion'—one could expect not only Moscow's control of that nation's foreign policy but the institution of secret police rule and the extinction of freedom of speech. Under these circumstances, the United States should reconsider its policy toward the Soviet Union."

Among the counselors who echoed Harriman's call for a harder line with the Russians were Secretary of the Navy James V. Forrestal, General John R. Deane, Admiral William D. Leahy and financier Bernard Baruch. However Gaddis notes that there was also more cautious advice given by Secretary of War Henry L. Stimson and General George C. Marshall.

In addition to the conflicting advice Truman received from the high ranking members of his administration, the new President was also pressured by domestic politics even more than Roosevelt had been.

The influence domestic politics had on American foreign policy during the Truman administration is shown by the increasingly hard line taken against the U.S.S.R. when it was being criticized by such prominent Republican leaders as Senator Arthur H. Vandenberg Jr. and John Foster Dulles, the unofficial Republican spokesman on foreign affairs.

In an effort to encourage bipartisan support, Truman asked Dulles to be part of the American delegation to the London Foreign Ministers' Conference where the "Big Five" met to draw up peace treaties for Finland, Hungary, Romania and Bulgaria—all former German satellites. Even though he had no part of the decision making at the London conference, Dulles' anti-Soviet statements to the local press

antagonized them and helped lead to the failure of that important meeting.

Gaddis' book provides surprising and intellectually refreshing insights on the origins of the Cold War. He acknowledges that due to the great differences in the political perspectives of the American and Soviet leaders, the Cold War may have been virtually unavoidable. However, Gaddis concludes that if responsibility for the Cold War must be assigned, the greater blame must be placed with Stalin because he had no Congress, public opinion, or press to contend with.

This is one of the best documented books I have read on the Cold War and believe it should be read by anyone interested in this vital era of American history. In my opinion this book provides considerable evidence that a far less hazardous relationship with the U.S.S.R. could have been attained with a more open and rational foreign policy by the Truman Administration. ◻

R. A. Robinson has an associate degree in journalism from Los Angeles City College and has been a reporter with the Los Angeles Herald Examiner *since 1972.*

viewpoint

RICHARD'S LEGACY: NIXON'S COURT AND CRIMINAL JUSTICE

Franklin Roosevelt left to America not only the legitimated gargantuan State, but also the New Deal Supreme Court, which for years continued to justify Uncle Sam's ways to men, approve government meddling, and meddle on its own. From FDR's day until very recently, the biting legal theorizing of Justices Black and Douglas, and the fuzzy liberalism of Chief Justice Warren, touched America deeply. Black, now dead, and Douglas, barely surviving, were the presiding geniuses of the decades-long "Roosevelt Court," which, like the "Roosevelt Revolution" (as conservatives call the detested New Deal), trudged on long after FDR's death.

In 1969 the Roosevelt Court (or the Warren Court, as its later incarnation is known) began to disintegrate, as President Nixon exercised his prerogative and experienced the rare privilege of transforming the Court through appointment of four Justices, who, with one Kennedy appointee—Justice White—comprise now a new, if narrow, majority.

A majority to what end? "Against the Law," says Leonard Levy in his new book of that name, subtitled *The Nixon Court and Criminal Justice.*

I sat at Professor Levy's feet, so to speak, and studied Constitutional Law under him in grad school. I bedeviled him, too—greeting the beleaguered man on more days than he probably likes to remember, with little aphorisms from his cordially detested reactionary Justices, the blessed Willis Van Devanter and James McReynolds.

With his other students I exulted for him when he was awarded the Pulitzer in history for his brilliant *Origins of the Fifth Amendment* in 1969.

From him I learned the invaluable Levy's Law: It all depends on whose ox is being gored. Meaning, simplified drastically: whatever their rationalizations, the Justices juggle the precedents and rule often according to their own values. No surprise, you say. Sure, but the American likes to think that his Constitution is somehow immutable, that the Supreme Court merely extracts from it the guideposts for judicial rulings forevermore.

Not quite so. Here Levy casts a cold, glaring eye at the "result-oriented adjudication" of the Nixon Court. He finds it "fallen into the control of conservative activists"—a lovely oxymoron, considering the vaunted conservative philosophy of judicial restraint—"whose decisions cannot be explained by any form of strict construction." Levy finds the Nixon Justices "no damn good as judges"; "in them the judicial temperament—disinterestedness, balance, careful reasoning—flickers weakly."

Levy's is a damning book, scrupulously researched, and contrary to what conservative worshippers of the Nixon Court would like to believe, neither distorted nor written to eviscerate this Court by way of praising its predecessor. Levy has criticized the Warren Court in a 1972 book; he attacks "judicial crusaders" whatever their ideology.

Against the Law examines recent Court activity in regard to search and seizure, self-incrimination, the right to counsel, trial by jury, and the death penalty. Perhaps one day Levy will write on the Nixon Court rulings on abortion and pornography, the latter a subject he inflicted on me for the doctoral dissertation I ground out under his impossibly demanding direction.

But there's quite enough in *Against the Law* to accentuate his points, of which a major one is that this Court has gone about its "quiet business of creating its own regressive 'revolution' in the criminal law, striking a pose of doing no more than refusing to open new frontiers"; meanwhile, "it has systematically closed old frontiers and made daring incursions that cripple many rights of the criminally accused." Levy presents nearly 500 pages with which to argue, and from which to derive a closely reasoned, if arguable, case against the Nixon Court.

DAVID BRUDNOY

Well done, Leonard, and huzzahs to Harper and Row for publishing it now, just when America, short in memory, is putting Richard Nixon behind us, oblivious to the fact that Nixonism lives on through his Court. Quoth the former President: "The decisions of the Court will affect your lives and the lives of your children for generations to come . . . ." ◻

David Brudnoy teaches at Harvard University's Institute of Politics. Dr. Brudnoy's Viewpoint appears in this column every third month, alternating with the views of Murray Rothbard and Tibor Machan.

TRYING OUT RESTITUTION

The concept of offenders making restitution to their victims is being tested in the Georgia prison system. Several methods of restitution are being considered for use in the two-year program, including civil action for compensation, a lien by the victim on the offender's future liberty, a portion of the fine paid to the victim, a system in which the offender is required to work and pay part of his wages to the victim, the attachment of prison earnings, leaving the offender at liberty but attaching his earnings, and monetary adjustments after trial.

Some 600 probationers are being assigned to four community restitution centers in Atlanta, Columbus, Rome, and Savannah. The centers will provide probationary supervision and job placement services, and will ensure that the offenders pay the required restitution. Georgia officials estimate the cost per resident will be about $1060 per year, compared with the $4500 per resident cost in the state prison.

As another part of the innovative program, the state plans to overhaul its prison industry program. The plan calls for establishing a semi-private prison, set up by private industry, which would pay for the housing, subsistence, and salaries of inmates. The state would provide the inmate labor force, security, and a graduated release program for the inmates.

SOURCE:
- "Georgia Forced to Seek Alternatives," *Criminal Justice Newsletter,* July 15, 1974.

VICTORY FOR IBM

A significant milestone in antitrust law was reached in January when a Federal appeals court reversed an antitrust judgment in a case brought against IBM by the Telex Corporation. Telex had made a name for itself in data processing by producing inexpensive copies of IBM computer peripheral devices—often by stealing IBM trade secrets. When such policies did not produce the expected success, Telex decided it might be more profitable to sue IBM on charges of monopolizing the computer peripherals business and engaging in predatory competitive practices (for trying to compete against copies of its own machines). The trial court had originally conceded Telex's thefts and awarded IBM $21.9 million in damages, but had also found IBM guilty of monopolistic practices, for which it was ordered to pay Telex $259.5 million.

The appeals court, however, has struck a resounding blow for justice and the free market. It upheld the finding of willful theft of IBM trade secrets, but reversed the trial court's finding of monopolistic practices by IBM. It found the trial court's definition of the "relevant market" to be in error, and stated, "This fundamental misconception affected the remainder of the court's decision." Further—and more important—it ruled that IBM's competitive responses to Telex were not "predatory" or "monopolistic" as these terms have been used in antitrust history: "The evidence establishes that IBM's actions constituted valid competitive practice." The judge noted that the trial court had admitted that IBM's specific actions were wholly lawful in themselves, but supposedly "became unlawful only because of IBM's size." This pernicious doctrine has now been rejected.

The January appeals court ruling came on the eve of IBM's biggest challenge: the beginning of its trial on Justice Department charges of monopolization of the data processing industry. The Justice Department's case rests on premises similar to those advanced by Telex, and rejected by the appeals court. IBM's pretrial brief sets forth an impressive case that its success in electronic data processing has been earned "through competition on the merits—new product innovation, superior service, and price competition." The government's case, says IBM, "is at bottom an attack on IBM's success through competition," and reflects the view that "success itself must be punished—and the consumer be damned." These views are supported by Solicitor General Robert H. Bork who has publicly stated that "the government's suit stands revealed as an attack on outstanding commercial success as such." IBM is mounting a carefully-researched, well-documented, principled defense of free and open competition, supported by such free-market economists as George Stigler, Sam Peltzman, and Hendrik Houthakker (all of whom are designated trial witnesses or economic experts for the defense). The results of the long trial will be a landmark ruling for or against justice and free competition.

SOURCES:
- *Telex Corp.* v. *IBM,* U.S. Court of Appeals, Tenth Circuit, Jan. 24, 1975.
- "$259 Million Telex Award Against IBM Overturned," AP (Denver), Jan. 25, 1975.
- "IBM Says Government Hasn't a Case on Competition Issue," *Datamation,* Feb. 1975, p. 69.
- "Pretrial Brief for Defendant IBM," *U.S.A.* v. *IBM,* U.S. District Court, Southern District of New York, Jan. 15, 1975.

TWO STEPS FORWARD, ONE STEP BACK

Socialist attempts to implement the "ideal" of "from each according to his ability, to each according to his need," have failed time and again, reflecting the reality that people work best when motivated by their own self-interest. In recent months this truth has been reconfirmed by the world's largest socialist nations: the USSR and the People's Republic of China.

In January *Pravda* carried an article by research scientist Yuri Yoloviev calling for a major economic drive to produce small-scale garden and farmhouse implements to raise productivity on the country's private farm plots. Though they comprise less than 4 percent of the USSR's arable land, the private plots produce 35 percent of the country's meat, 37 percent of its vegetables, 63 percent of its potatoes, and 20 percent of its wool. All work done on private plots must be done in people's spare time, after putting in full-time work on the state-owned collective farms. Yoloviev admitted the vital importance of the private plots and pointed out that their tremendous production is achieved, not only with spare-time labor, but with completely obsolete tools. He called for production of small hand tractors, drying ovens, juice presses, and improved cooking stoves to further expand the private farms' productivity.

Reality is dawning on the Chinese leaders as well. The new national constitution announced in January for the first time specifically guarantees people's right to work for their own and their families' benefits, within certain broad and undefined limits. Industrial workers have been granted the right to work for their own benefit, so long as their private labor does not interfere with state enterprises or their work for such enterprises. Farmers have for the first time been guaranteed the right to till private plots for their own profit and to make small manufactured articles for sale. Chinese residents of Hong Kong report that their relatives on the mainland are suddenly eager to receive money from abroad and are quite excited over the new economic freedoms. The Chinese government has finally faced the fact that whenever restrictions on individual enterprise have been lifted over the past 25 years, production has soared. "Chinese ingenuity invents a host of small ways to make life better when the entrepreneurs know they will benefit directly and immediately from their labors," reports correspondent Robert S. Elegant from Hong Kong.

Only Cuban officials are still keeping their heads in the sand. Castro's government has now made it a crime for individuals to

grow their own vegetable gardens. How long such an insane policy will be continued, in the face of growing world food shortages, is anybody's guess. But judging by socialist experience elsewhere, Cuba could well be heading for famine.

SOURCES:

- "Russ Boost Once-Taboo Garden Plots," *Chicago Tribune,* Jan. 21, 1975.
- "China's New Charter Opens Door to Personal Freedom," Robert S. Elegant, *Los Angeles Times,* Jan. 20, 1975.
- "Good-Times-Coming Mood Sweeps China," *Ibid.,* Feb. 9, 1975.
- "Arrest the Hungry," *Southern Libertarian Messenger,* Dec. 1974.

DUMPING UMTA

A recent study sponsored by the American Enterprise Institute concludes that the Urban Mass Transit Administration (UMTA) has done—and can do—nothing to reverse the decline of mass transit in the U.S. The study, by UCLA economist George W. Hilton, notes that while to date the Federal Government has spent nearly four billion dollars on UMTA, it has yet to develop a viable alternative to the private automobile. The study concludes that not only has UMTA failed to gain riders for mass transit, but it has not provided any of the related social benefits it was intended to bring: improved mobility of the urban elderly and poor, lessened rush hour traffic, and reduced air pollution due to fewer automobiles in service.

The UMTA programs are doomed to failure, Hilton argues, because they are based on the false premise that making the industry more capital-intensive through investment in new conventional buses and rapid-rail systems will attract more passengers. This approach fails, he argues, because, among other things, linear mass transit, operating along rigid, fixed routes, cannot take the majority of people where they want to go.

Hilton points out that far from breaking up this rigid structure, which is responsible for the decline of the transit industry, UMTA inadvertently solidifies it by strengthening the power of the transit unions. Transit unions, which can veto UMTA contracts, have a vested interest in maintaining the old transit mix of subway and bus monopolies, Hilton says. Members of these unions are protected from competition because entry into the transit business is severely restricted: mass transit in urban areas is either a public or government-franchised monopoly and jitney operations are usually illegal. The result, Hilton argues, is the perpetuation of an unworkable transit system, which must depend more and more on the public dole to survive.

The most effective way to get more people to use public transit is to make driving more expensive, Hilton concludes. He recommends that the government charge a variable fee for using the roads, making it most expensive to drive during rush hour. Hilton suggests replacing transit monopolies with competitive owner-operated jitney buses. He also proposes that drivers be given an incentive to fill the empty seats in their cars by being allowed to operate as jitneys, picking up passengers for a fee, without restriction.

SOURCE:

- *Federal Transit Subsidies,* George W. Hilton, American Enterprise Institute (1150 – 17th St. NW, Washington, DC 20036).

FREEING THE ENGINEERS

For years, state governments have taken it upon themselves to regulate the engineering profession. This typically takes the form of registration of engineers, by means of a written test, a period of approved apprenticeship under an already-registered engineer, and payment of application and annual renewal fees. The justification for this has been that since engineering works significantly affect the public, it is in the public interest for governments to regulate the practice of engineering.

In the beginning, this was strongly supported by various engineering societies, as a means to upgrade the profession by policing the unethical behavior of unscrupulous engineering firms. Even now, the trend is toward more government control, as various other groups such as geologists and soils scientists clamor for state registration. But, as is common with well-intentioned political schemes, various inherent defects in the system are beginning to surface.

The engineering registration boards are discovering that once the politicians get a taste of control, they tend to try to increase their influence. Thus, during the last several years, several boards which formerly operated essentially autonomously have now come under direct state control.

The most common form of control, now practiced in nearly half the states, is that the regulatory boards are run as profit-making businesses for the general state treasury. Thus, for example, the Pennsylvania board collected $150,000 in fees in 1973, but was permitted to keep only $35,000 of it. The situation in some smaller states is even worse, where the boards must be subsidized in order to operate. It is therefore not surprising that disciplinary actions are rare, and kickback schemes such as the Agnew case in Maryland easily occur.

The trend is also toward more direct supervision. In Pennsylvania, the five-member State Registration Board for Professional Engineering recently had to beat back a move to accept four new members. Three of the additional officials were to be nonengineers appointed by the governor, with obvious political overtones.

Bucking the national trend, Delaware has become the first state to go the other direction. In less than a year, various engineering societies drafted a bill, got a representative to introduce it into the legislature, and pushed it through both houses with only one dissenting vote. The law relinquishes state control, and gives responsibility for self-regulation to the Delaware Association of Professional Engineers. Operating funds are derived directly from testing and membership fees, rather than through appropriation.

The preamble to the law notes, "This act constitutes a new departure and experiment in the field of state regulatory procedure, being the first of its kind in the nation, wherein the First State of the Nation delegates to a professional association the powers, duties, and responsibilities of self-regulation . . ."

It is hoped that this experiment will succeed, and that other states and engineering societies will push for similar measures.

SOURCE:

- "Let's Unchain State Licensing Boards," Douglas Glantz, *Civil Engineering,* Jan. 1975, Vol. 45, No. 1, pp. 79-83. (Submitted by Paul Bilzi)

MILESTONE

• *Busing.* An important academic psychologist has added his voice to those protesting government-forced busing of schoolchildren to achieve racial balance. Richard Farson, formerly president of Esalen Institute, board chairman of Western Behavioral Sciences Institute, and faculty member of the Humanistic Psychology Institute in San Francisco, charges that busing is a violation of children's rights. "Or rather," writes Farson, "it *further* violates the children's rights—those rights already having been thoroughly violated by the existence of compulsory education which, to put it exactly as it really is, incarcerates children against their will." Farson calls for increased attention to the rights of children, urging that "the basic right we all must have is protection from those who think they know what's good for us." (Source: "Busing Violates the Rights of Children," Richard Farson, *Los Angeles Times,* Jan. 28, 1975)

This column reports trends in the advancement of individual liberty and the rediscovery of economic freedom. Readers are invited to submit material of potential interest.

• **SHAMPOO** is a curious movie, a successful cross between cultural documentary and biting satire. Using the 1968 elections as backdrop, the movie attempts to define the "shallow sixties" in the persons of a superstud Beverly Hills hairdresser (!) and an assortment of his clients. Warren Beatty stars as a superficially likeable character with a value system approaching zero, who is having simultaneous affairs with several women who are also his clients. (Their husbands and/or boy friends think he is a homosexual, and therefore "safe.") Julie Christie is his former and still occasional girl friend, and also the mistress of Jack Warden, a wealthy businessman who resembles a jet-set Captain Kangaroo. Lee Grant plays Warden's wife, another client of Beatty's. Goldie Hawn undergoes a change of image as a basically sensible woman, in love with Beatty but gradually losing her illusions about him. The complicated series of relationships gradually unravels in two meticulously staged party scenes: an election eve Republican victory celebration at the Bistro and a free-floating orgy at a Beverly Hills mansion. The antics often border on farce, but the parts are so well played that the audience is allowed to glimpse some depth behind the shallow facades. The movie's wider theme, that of a society operating without moral bearings, is brilliantly underscored by the use of television election coverage at the Bistro party. There is Agnew shouting for law and order, while Nixon makes his fatuous remarks about "bringing us together" in his "open administration." Brisk pacing and an air of restless energy enliven even the film's darker moments, and soften its cutting edge just enough to keep it from being a downer.
Rated "R."—**Charles F. Barr**

• After a wobbly and uncertain beginning, **SHEILA LEVINE IS DEAD AND LIVING IN NEW YORK** becomes a quietly triumphant statement of personal liberation. Jeanie Berlin gives a well-rounded and nicely understated performance as a young Jewish girl who trades a sheltered small-town life for the hard knocks of New York City. In short order, she finds herself attempting to cope with a roommate who's half actress and half hustler; a love affair with a burned-out doctor who's afraid to make a commitment; and an indifferent city which insists on judging her by how fast she can type. After a series of traumatic reverses, she returns temporarily to her home town. But instead of settling for a safe, routine life there, she gathers enough inner strength to return and take on New York once more. The gradual development of her character and the blossoming of her creative talents are the chief values in the film—ones that are rarely encountered these days. Roy Scheider gives effective support as the doctor who is forced to re-examine his own values after his encounter with Sheila. The movie's slice-of-life style is leavened with enough wry humor (mostly Jewish wry) to make it more than palatable. Rated "PG."—**C.F.B.**

• Ken Russell's **MAHLER** is out, an event of some interest in the film world, not only because of the publicity which has preceded it from England, but also because, like every Russell film before it, *Mahler* throws into high relief the issue of taste versus aesthetic value. Taste, here, is roughly equal to "aesthetic preference," the kind of art one *likes*, for reasons having to do with one's sense-of-life and thus one's personality. Taste is a subjective quality, a quality of the contemplator. Aesthetic value, on the other hand, is a quality of the work: at root, it is the quality of clarity, of unequivocal symbolization of an idea in the presentational mode.

To the extent I am capable of judging such things, I believe Ken Russell's films are aesthetically valuable: they are well-written and beautifully photographed (consider *The Devils*) and almost invariably well-acted (Oliver Reed's performance in *The Devils* is a good case in point, as are the performances of Richard Chamberlain and Glenda Jackson in *The Music Lovers). Mahler* is certainly all of these things. The photography of the spectacular and unforgettable opening scene alone is worth the price of admission; the screenplay successfully integrates a dozen of the real Mahler's most famous *bons mots* with an hour or more of wholly invented dialogue; and the performances of Robert Powell (as Mahler) and Georgina Hale (as his wife) should be enough to immediately establish both (especially Ms. Hale) as important dramatic artists. Still, with many other people, I find myself both loving and hating Russell's films, *Mahler* included; I find myself alternately wishing to leave the theatre and wishing I could stay forever.

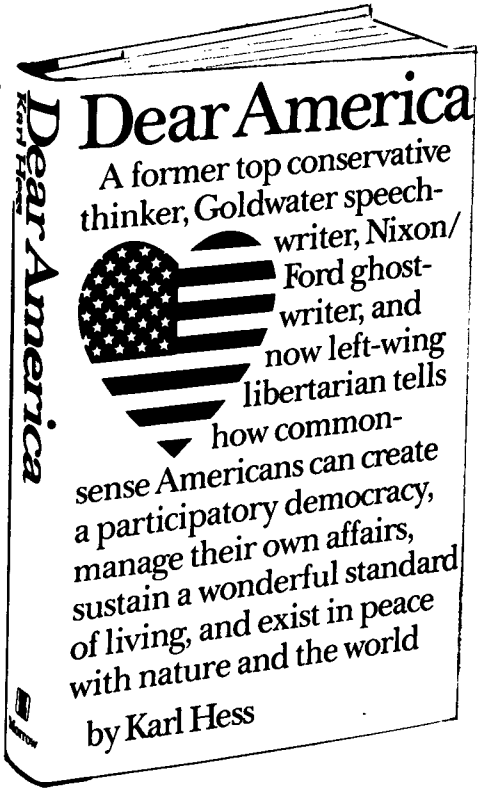
The reason, I think, is the relentlessly individual, even idiosyncratic, character of Russell's work. *Mahler,* for example, is not really about Gustav Mahler, composer (1860-1911), though his name and music are used, along with his physiognomy and certain of the events of his life. Russell's film is really about Ken Russell's feelings about Mahler (and the word "feeling" is the right one: it is used both in the sense of "I feel that libertarianism is the only fully consistent political philosophy," and in the sense of "I feel sad."). And Russell presents his feelings in very nearly the form of a pot trip: scene follows scene with only associational connections; a serious historical or psychological perspective on the composer is followed, without transition, by a broad, even slapstick, parody; colour is brighter and richer; sound is enhanced by a nearly palpable presence; music suggests pictures; pictures suggest music. The music, by the way, could have been better, had Bernstein's recordings of the symphonies been substituted for Haitink's. Altogether, as I said, I loved it and hated it. But I think the love slightly predominated.
Rated "PG."—**Jeff Riggenbach**

The moment of truth arrives for a lovers' quadrangle in Shampoo: *Lee Grant, Jack Warden, Julie Christie and Warren Beatty.*

Dear America

by Karl Hess

IS ADDRESSED TO ORDINARY AMERICANS WHO ARE FED UP WITH BIG SHOTS AND BIG BOSSES AND THE BIG DISASTERS OF BIG GOVERNMENT AND WHO WANT TO MOVE ON TO SOMETHING THAT IS DIFFERENT FROM BOTH STATE CAPITALISM AND STATE SOCIALISM. IT IS A PASSIONATE BOOK, SIMPLY WRITTEN, DEEPLY FELT, INFORMED BY PERSONAL EXPERIENCE BUT TRANSCENDENT OF ANY SINGLE PERSONAL VISION. IT IS A TOOL FOR TRUE SELF-IMPROVEMENT, FULL OF OPTIMISM, ENCOURAGEMENT, AND COMMON SENSE.


Dear America
Karl Hess
Dear America
A former top conservative thinker, Goldwater speechwriter, Nixon/Ford ghostwriter, and now left-wing libertarian tells how common-sense Americans can create a participatory democracy, manage their own affairs, sustain a wonderful standard of living, and exist in peace with nature and the world
by Karl Hess

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Karl Hess is an anarchist, a libertarian of the left, a tax resister with a 100% government lien on any wages he might earn, a professional welder who lives by barter and a man with a great deal to say about this country.

In *Dear America* Hess discusses his life, especially his development from right to left. He provides a new profile of Goldwater, probing the contradiction between Goldwater's conservative ethic and his advocacy of "a strong national-security state."

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publisher's notes

• **REASON SUBSCRIPTION LIST RENTAL:** From time to time we receive complaints from readers about their privacy being violated because they think REASON has sold their names and addresses to various junk mailers. We would like to explain what's really going on. REASON never has and does not now *sell* its mailing list, to anyone; we do indeed respect our subscribers' privacy and do not wish their names to end up on anyone's list (including the FBI's or the CIA's). But REASON readers *do* sometimes receive direct-mail advertising as a result of their being on our mailing list. This is because we sometimes *rent* our mailing list as a means of raising needed revenue. In list *rentals,* as opposed to *sales,* the advertiser does *not* obtain a copy of the mailing list; he receives only a single set of address labels to be pasted onto his mailing envelopes. As is standard practice, our mailing list is "seeded" with dummy names so that we can detect any unauthorized mailings (as would happen if the advertiser violated the rental contract and copied the labels).

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• **TACKLING BUREAUCRACY IN ITALY:** The *Los Angeles Times* recently carried a feature article (March 10) on the "vast, overswollen, underworked and notoriously inefficient Italian governmental bureaucracy, the most cumbersome of the Western industrialized nations." To illustrate the attitude of the Italian public toward government agencies, *Times* reporter William Tuohy recounted the story of an influential Milanese businessman who arrived at a government agency in Rome after lunch to transact an urgent matter before taking a late afternoon flight back to Milan.

On arriving at the agency, the businessman found the office deserted except for a janitor. "What's going on here?" the businessman asked, "Don't they work in the afternoon?" "No, signore, you have got it wrong," the janitor replied. "It is in the morning they don't work. In the afternoon, they don't come."

The *Times* noted the incredible difficulties confronting reformers attempting to pare down the Italian bureaucracy with its 60,000 separate governmental agencies. One success story was the closing down of the interprovincial Institute for Fighting Against Malaria in Venice—40 years after malaria ceased to be a problem there! Reformers are still working to eliminate such agencies as the National Agency for the Distribution of Medicine Donated by the Allies in World War II and the Association for the World War II Orphans (the youngest of whom must now be 30). We wish the Italian reformers well in their valiant struggle.

• **LIES AND DECEPTION:** A recent national poll conducted by opinion analyst Pat Caddell showed that 69 percent of Americans believe their government consistently lies to them—as compared with 35 percent who held this belief in 1972. The problem of lying isn't confined to federal government officials, but commonly exists among politicians who are striving to get elected to office. In a dramatic article by investigative reporter Steven Brill in *New York* (March 17), "George Wallace Is Even Worse Than You Think He Is," the Wallace legend is examined to see whether Wallace indeed "says what he thinks," and whether as governor of Alabama, Wallace practices what he preaches concerning governmental abuse of power and other issues.

Brill concludes that Wallace is "none of the things his admirers claim, and that his continued presence on the horizon represents nothing more than a triumph of sham over substance." Some of Brill's criticisms reflect his own strong antilibertarian prejudices—particularly in his criticism of Wallace's programs on tax reform, where Wallace is taken to task for not raising many taxes or for not proposing the elimination of various tax loopholes. But Brill does raise some serious questions about Wallace's willingness to deliver on his rhetoric, and charges that Wallace has been related to influence-peddling activity involving Alabama's government-owned liquor stores. We like Wallace's stands on such issues as combatting the federal bureaucracy and reducing high taxes, and he makes more sense to us than any of the other leading Democratic contenders. But given his conduct in office, we're not satisfied that Wallace is worthy of libertarian support.

• **GLAD YOU TOLD US:** John Kenneth Galbraith has come up with an incredible new explanation of inflation. According to an article in the *Los Angeles Times* (Dec. 1), Galbraith stated before a conference on the monetary system in Rome that "the root cause of inflation was the breakdown of the class system and the consequent aspiration of the poor to consume as much as the rich." When Mr. Galbraith goes so far as to blame the aspiration of the poor for inflation—instead of identifying the culprit as credit expansion pursued by government monetary policies—we suspect that Mr. Galbraith may himself be heading towards some sort of "breakdown." ◻

TWO ESSAYS

by Nobel Prize Winning Economist

Friedrich A Hayek

The peculiar character of the problem of a rational economic order is determined precisely by the fact that the knowledge of the circumstances which we must use never exists in concentrated or integrated form but solely as the dispersed bits of incomplete and frequently contradictory knowledge which separate individuals possess. The economic problem of society is thus not merely a problem of how to allocate "given" resources – if "given" is taken to mean given to a single mind which deliberately solves the problem set by these "data." It is rather a problem of how to secure the best use of resources known to any of the members of society, for ends whose relative importance only these individuals know. Or, to put it briefly, it is a problem of the utilization of knowledge which is not given to anyone in its totality.

. . . . The Use of Knowledge in Society

The character of the process by which the views of the intellectuals influence the politics of tomorrow is therefore of much more than academic interest. Whether we merely wish to foresee or attempt to influence the course of events, it is a factor of much greater importance than is generally understood. What to the contemporary observer appears as the battle of conflicting interests has indeed often been decided long before in a clash of ideas confined to narrow circles. Paradoxically enough, however, in general only the parties to the Left have done most to spread the belief that it was the numerical strength of the opposing material interests which decided political issues, whereas in practice these same parties have regularly and successfully acted as if they understood the key position of the intellectuals. Whether by design or driven by the force of circumstances, they have always directed their main effort toward gaining the support of the "elite," while the more conservative groups have acted, as regularly but unsuccessfully, on a more naive view of mass democracy and have usually vainly tried directly to reach and to persuade the individual voter.

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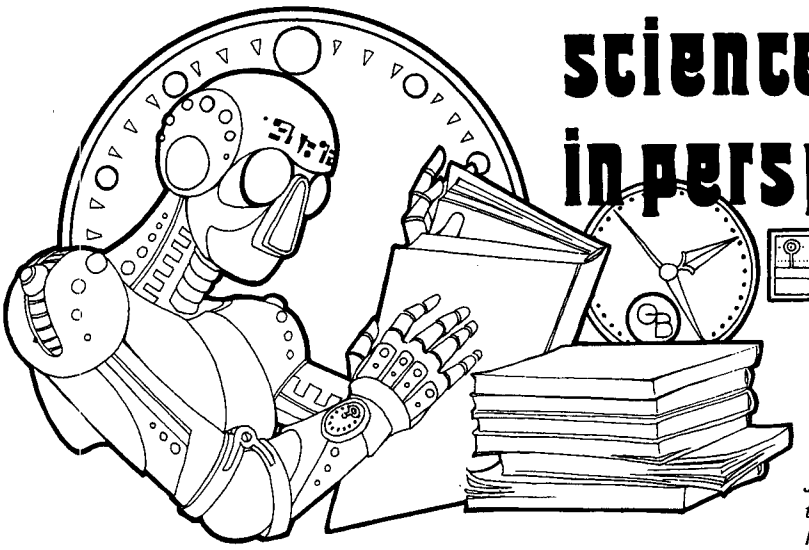


science fiction in perspective

JOHN J PIERCE

John Pierce's Science Fiction column alternates monthly in REASON *with Davis Keeler's Money column.*

THE WONDROUS WORK OF CORDWAINER SMITH

In a field where innovations quickly become influences, Cordwainer Smith remains almost unique. To the general public, he remains almost unknown.

Authors aren't always treated justly in their lifetimes—Smith died in 1966. Recognition, let alone popularity, sometimes eludes those who seem to deserve it most.

This isn't often the case in science fiction. From Verne and Wells through E. E. Smith and Weinbaum, Heinlein and Asimov, Pohl and Kornbluth, Zelazny and LeGuin, success has usually come quickly —even overnight.

Cordwainer Smith was an exception only in the relative sense. He was known to readers of SF magazines, and several of his books were published by lesser-known paperback houses. He was a cult figure to his fans—but he never won a Hugo or a Nebula, and never achieved widespread popularity.

Smith wrote of a future that stretched 15,000 years and as many light years beyond our own time—a future that was a strange blend of Occidental and Oriental cultural influences, entire cycles of history from atomic wars and dark ages through the adventurous conquest of the stars to decadent utopia—and beyond.

Across the stage of this immense pageant pass such bizarre figures as the manshonyagger war machines, the half-mechanified scanner pilots, the pinlighters who do battle in space through telepathic symbiosis with their cats, the Go-Captains who steer interstellar liners by mind alone and the animal-derived underpeople who perform most of mankind's labors in a distant age.

Guiding human destiny through the millenia is the mysterious Instrumentality of Mankind, which is something like a political elite, but not exactly; something like a priesthood, but not exactly. Much of Smith's writing takes the form of an invented mythology, rather than straight history—and it is often hard to separate the "real" from the "legendary."

Perhaps this will be the year Smith begins to receive wider recognition. Ballantine Books has already published the first complete edition of his only SF novel, *Norstrilia,* which has been arbitrarily chopped in two by a previous publisher; and *The Best of Cordwainer Smith* is scheduled for release soon (July for the Science Fiction Book Club edition, September for the paperback).

THE REAL SMITH

If Smith's influence has been slight until now, it may be because it takes a unique sort of experience to create the sort of universe he imagined. Smith's real identity—which remained a secret until shortly before his death—was Dr. Paul Myron Anthony Linebarger, a world traveller who was an authority on Far East affairs, Oriental art, psychological warfare, religion and world literature.

His life will make a fascinating biography if anyone ever gets around to writing it. He was born in 1913, son of a retired judge who helped finance the Chinese Revolution and godson of Sun Yat Sen. His childhood was spent in China and, when civil war made life too dangerous there, in Japan, Germany, France and, occasionally, even the United States.

Besides learning six languages by his teens, Linebarger acquired a taste for literature—including SF—in all those languages. But to the world at large, he was a diplomat, college professor, Army intelligence officer and foreign policy advisor—his career as a science fiction writer was one known but to a few.

That career began as early as 1928, when a 15-year-old boy in China sold a story called "War No. 81-Q"—no one can seem to remember where. But Cordwainer Smith first appeared in 1950 when an obscure and short-lived magazine called *Fantasy Book* published "Scanners Live in Vain" —which had been making the rounds of editors for five years.

Readers weren't quite sure what to make of this story, in which the scanners, whose brains have been disconnected from their bodies save for sight, must read instruments to find out if their vital processes are functioning—and adjust them if need be. And if readers could grasp the scanners, what were they to make of allusions to the Instrumentality, and to the Wild that is inhabited only by the Beasts and the manshonyaggers and the Unforgiven?

Only gradually did Smith reveal the full scope of the universe in which "Scanners" and other stories take place. Most of the historical "facts" were set down in notebooks—one since lost. But his stories are not history, but *experience*—experience as

seen by inhabitants of that universe who take for granted that which seems strangest to us.

It was five years—thanks to an interruption called the Korean War—before Smith began appearing in the magazines again, with "The Game of Rat and Dragon," wherein the pinlighters and their Partners protect the planoform ships that somehow travel *under* space, and live in such intimacy that "normal" human relationships have lost their meaning.

Strange and wondrous emotional situations became a hallmark of Smith's stories—the dancer driven to superhuman efforts at an interworld dance festival and briefly glimpsed by a Russian scientist of our own time in "No, No, Not Rogov"; the pilot who must remain awake for 40 years to steer her sailship in "The Lady Who Sailed the *Soul*"; the Go-Captain who must sacrifice his memory to save a lost starship in "The Burning of the Brain."

But paralleling these wonders was the growing revelation of the universe of space and time around them—a universe evolving in a strange way. The Instrumentality of Mankind, which has arisen out of the Ancient Wars of our immediate future to safeguard humanity, sees to the expansion of mankind among the stars, but also gradually establishes a suffocating utopia of the sort made familiar by Zamyatin and Huxley.

A drug called stroon, produced only on Norstrilia—a planet settled by refugees from Australia after the original Australia became a Chinesian city state—assures virtually unlimited lifespans, and the Instrumentality assures security and idleness. But for a few fighters and technicians, most worlds depend on robots and underpeople for essential labor.

Against this background takes place the drama of the Rediscovery of Man, a movement inspired by the underpeople and the more enlightened Lords of the Instrumentality—and aimed at restoring suffering, death, uncertainty and, most of all, freedom and hope.

LEGENDS FORESEEN

This process, seen through stories written in the form of "explanations" of legends supposedly prevalent in a later age, takes place over 2,000 or more years—from the martyrdom of the dog-girl D'joan to prove that "whatever *seems* human *is* human" in "The Dead Lady of Clown Town" through the Casher O'Neill series set in the second century of the Rediscovery itself.

We see the final days of utopia, and the spiritual birth of one of the architects of the Rediscovery, Lady Alice More, in "Under Old Earth." Two lovers, freed from the utopian matrix to become "French," meet a tragic fate in "Alpha Ralpha Boulevard." And Lord Jestocost and the cat-woman C'mell conspire together to free the underpeople in "The Ballad of Lost C'mell."

Norstrilia, the novel intended to tie all these threads together, tells the story of Rod McBan, the richest boy on the richest world in the galaxy who, faced with a threat to his life at home, manages to buy Earth—lock, stock and barrel. Unexpectedly involved there with both the Instrumentality and the Holy Insurgency of the underpeople, he changes history without ever having intended it.

Smith's fiction is full of allusions which time never permitted him to resolve—the Bright Empire, the superhuman Daimoni, and others—and also full of an invented nomenclature derived from a dozen or more human languages.

Frequently reappearing are members of the Vomact family, derived from the ancient German *VomAcht*—which has a double meaning implying both benevolence and malevolence. Lord Sto Odin is "101" and Lord Jestocost "cruelty," both in Russian. *Aojou Nanbien* is an old Chinese name for Australia, *spieltier* German for "play animal," *Tigabelas* Malay for "13," etc.

For all these allusions, and some plots inspired by the classics—Dante's *Inferno* went into "A Planet Named Shayol," for example—the strength of Smith's work is that it convinces the reader it is *really* happening in his future, and that it is we, not his heroes, who are the "aliens."

Alpha Ralpha Boulevard, and the Earthport Tower to which it leads are taken for granted by Paul and Virginia, who are only vaguely aware of the ancient past that is our present. The contemporary age, and the ancient wars, ruin and reconstruction, and other ages that follow, are but myth and legend to them. The whole effect of Smith's presentation is weird— but intoxicating.

Smith's widow, Genevieve Linebarger, who collaborated with her husband on "The Lady Who Sailed the Soul" and other stories, has produced one posthumous collaboration, "Himself in Anachron," and more may be forthcoming. Occasionally—as with Robert Silverberg in *Nightwings*—someone has managed to duplicate his effects. But no one has replaced Cordwainer Smith. Perhaps no one ever will. ◻

LETTER FROM LONDON

Politics bores me
(The wrong way to lead)

Schools don't absorb me
What they have, I don't need.

Books lack excitement,
Especially fiction.

They all seem to worship
Their God, Contradiction.

But I must admit
(Though it reduces my stature)

That I'm becoming a fan of
Margaret Thatcher.

Dennis J. Chase

COURTSHIP

Coquettish in her frills and paint,
the sun parades;
a crinoline
(open to the wind)
lingers a cloud, clinging
and faint
as age upon a girlish face.

W. G.

TO PENN WARREN

Saw,
lurking upon the autumn spruce, the moon,
pale as illness, glow;
and freckle snow,
clutching a branch as women a man, coldly . . .
sifting patterns grim and flimsy across
the grass
and ashlike evening.
Saw
an owl, its hunting shadow flit
the chilly mice.

Upward she rubs the tingling lotion,
thinking: I am 41.

Heard
scratching crickets, the scattering mouse;
a startle shrill as talons pierce
. . . . freeing the heart of blood;
the nightmare shadow of passing wings
that seem to slow as they near you.

W. G.

frontlines

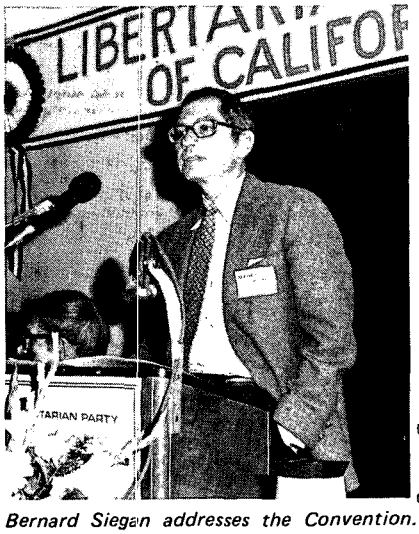
CALIFORNIA LP CONVENTION

On the weekend of February 14-17 in Santa Monica the **Libertarian Party of California** held its Third Annual Convention with about 150 people attending. In addition to the general sessions which dealt with the Platform and the Constitution and Bylaws, a number of panels and special events were held.

On Friday night veteran campaigners **Dave Bergland, Karl Bray, William C. White, John Hospers** and **Bill Susel** held a panel discussing their experiences in the 1974 elections and the prospects and opportunities for the LP in 1976. (And following the panel was an unscheduled Valentine's Day treat—the wedding of Dave Bergland and **Nichole Norman** with Universal Life minister **Hank Hohenstein** officiating.)

Saturday opened with a very well attended seminar on Libertarian Feminism featuring REASON editor **Lynn Kinsky, Susan Love Brown,** and **Ranette Daniels** presenting the case for feminism being very much a libertarian issue. Ms. Kinsky suggested the formation of a Women's Caucus within the LP to encourage communication between libertarian women and to deal with political issues specifically affecting women (anyone wishing further information should contact Ms. Kinsky c/o REASON).

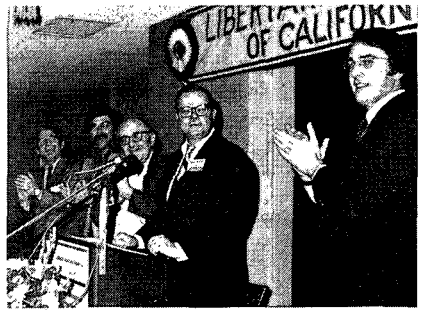
Following the seminar was a luncheon featuring a talk by the author of *Land Use Without Zoning,* **Bernard Siegan,** and then after a short break Dr. John Hospers gave the opening speech for the first general convention session.



Bryan Remer

Bernard Siegan addresses the Convention.

Sunday brought the highlight of the convention—the evening banquet, which featured a talk by **Roger Lea MacBride** on "The Future of Liberty" and a speech by **Dr. Murray Rothbard** on "The Need for Political Action" (to be published in the next issue of REASON). Roger MacBride galvanized the audience by making formal what has been talked about for a while—he announced his candidacy for the national LP Presidential nomination!



Bryan Remer

Roger MacBride announces his candidacy. l to r: Ned Hutchinson, Manuel Klausner, Murray Rothbard, Roger MacBride, Ed Crane

The convention wound up on Monday with the election of officers: **Bill Westmiller** is the new state chairman, **Susan Love Brown** is the southern vice chairman, **Ray Cunningham** is the northern vice chairman, **Ed Wolford** is the new state secretary, and **Dan Wiener** is the new treasurer.

Anyone wishing further information on the Libertarian Party of California should write to the LPC at P.O. Box 71383, Los Angeles, CA 90071.

SANTA BARBARA RESULTS

The results of the libertarian campaign for School Board in Santa Barbara, California [see "Frontlines," March 1975] were a little disappointing, but the usual excuse of lack of voter information cannot be given. **Lynn Kinsky,** editor of REASON, and **Ruth Hammond Sutton,** REASON office manager, placed 12th and 14th respectively in a field of 18. Kinsky received 3,523 votes for 9.3 percent of the vote (this was for three seats, so percentages indicate number of votes divided by total voters voting), and Sutton received 3,070 votes for 8.1 percent. The candidates having attended about 50 public forums, distributed 10,000 leaflets, and spent $1000 on newspaper advertising, everyone in Santa Barbara was talking about "the libertarians." When introduced to the candidates, people often said, "Oh, you're the ones that want to abolish public education." Nonetheless, Kinsky and Sutton received a lot of support from community and political leaders from both the right and left. While getting endorsements from many prominent conservatives, and getting many of their votes from conservative areas, one of their highest vote-areas was Isla Vista, a small community near the University of California Santa Barbara campus which gained notoriety in 1970 for the burning of their local Bank of America, and where the political spectrum ranges from liberal to Marxist. Kinsky placed 5th with 12.5 percent and Sutton placed 8th with 8 percent, while most of the active candidates only got a few percentage points. Also, **Robert Raffealli,** Isla Vista resident and U.C.S.B. Society for Individual Liberty co-founder, running for the Community College Board, received 6,639 votes for 20.9 percent overall in a two way race, and received 46 percent in Isla Vista. His ballot occupation was "Libertarian Writer."

The result of this campaign was that people were exposed to libertarian ideas, applied to local issues, and, while many balked, many also responded. The Santa Barbara libertarians, rapidly growing in numbers, intend to keep active in community affairs. Libertarianism has become a respected force in Santa Barbara politics. For further information please contact the Santa Barbara LP at 294 Via El Encantador, Santa Barbara, CA 93111; phone 805-964-4310, or 964-4131.

School Board candidate Ruth Sutton.

OTHER CAMPAIGNS

Dave Merrick, Libertarian Party member, ran for the Santa Cruz, California City Council and received 1819 votes in a 12-way race for 4 seats, placing 9th with about 18 percent of the vote. Merrick ran for County Supervisor a year ago and his total and percentage then was about one-third that of this campaign, indicating growing respectability for libertarianism and a lot of work by Santa Cruz libertarians.

June Genis, running for the Palo Alto, California School Board received about 500 votes for three percent, placing fourth in a four-way race. Her campaign was marred by the inactivity of local libertarians until the last week of the campaign, when a few thousand leaflets were distributed.

Saul Rackauskas, LP regional vice-chairman running for the Community College Board in Ventura Country, California, received 4,582 votes for 19.1 percent in a three-way race for one seat.

SURVIVAL CONFERENCE

"Will *You* Survive Anarchy?" will be the theme of Countercon II, the second conference on "counter-economics," to be held over Memorial Day Weekend (May 23-26) at Camp Mowhawk in Cheshire, Massachusetts. (Attendance is expecte to be several times the 25 scholars and businesspeople who attended Countercon I in October.) Counter-economics examines how goods and services can be freely traded in spite of governmental prohibitions, protectionism, and economic distortions, and advocates of the counter-economy believe that this network of "underground" enterprises could in fact become the *only* organized economy, should the aboveground economy collapse due to government interventions or whatever. Believing that anarchy—in a very real sense—will result if the vast array of government supports suddenly collapses counter-economists are trying to organize as many alternative enterprises as possible, everything from postal systems to arbitration services.

Among the speakers at Countercon II will be **Robert LeFevre, Charles Curley, Dennis Turner, Sam Konkin, Abby Goldsmith,** and **Ken Kalcheim.** For further information on the conference please contact **J. Neil Schulman,** 180 West End Avenue, Apt. 7C, New York, NY 10023 or phone 212-595-9143.

Please send material for inclusion in FRONTLINES *to Lynn Kinsky at REASON, P.O. Box 6151, Santa Barbara, CA 93111. Meeting and activity announcements will be carried as space permits; however we must receive announcements two months before the actual event if we are to publish it as a "coming attraction" rather than as history. Tell us about your group, your activities, your strategies for social change in as much detail as possible. Items accompanied by photos are especially welcome.*

LUCIFER'S LEXICON

By L. A. Rollins

assassinate, v.t. To recall a public official with one ballot.

censor, n. One who enjoys a legal monopoly on the perusal of materials considered politically, sexually or otherwise arousing.

draft, n. An ill wind that blows nobody good; many a young man has caught his death from it.

graft, n. Grease for the moving parts of a political machine.

impeachment, n. In the U.S., a constitutional procedure whereby the pot may call the kettle black and he who is without sincerity may cast the first ballot.

liberty, n. A commodity considered by the Government to be a luxury item and, therefore, subject to heavy taxation.

revolution, n. A game of musical chairs the object of which is to end up occupying the seat of power.

COMING NEXT MONTH

Next month is REASON's Second Special Financial Issue, on the theme "Surviving Inflation and Depressions." When we started planning this issue last fall, we didn't fully appreciate how timely it would be. The issue is shaping up to be even bigger and better than last year's. The June issue will feature important and timely advice by Harry Browne, Dr. Harry D. Schultz, and William F. Rickenbacker—probably the world's top three free-market investment advisors. It includes the now-famous I.M.M. debate on gold between Milton Friedman and John Exter, and an important new article on strategy by Murray Rothbard. Also included are articles on tax avoidance, tax havens, urban survival, retreats, self-defense, emergency food supplies—in short, everything you may need to know to survive, both physically and economically, in the troubled times ahead. Subscribers will receive this issue as part of their subscriptions; to all others the price will be $3.00.

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reason profile

On college campuses it is generally acceptable—fashionable, even—for a professor to defend a socialist or Marxist point of view, while his free-market oriented colleagues stay intimidated and silent, convinced they are alone in their beliefs. Happily there are a growing number of exceptions to that generalization, such as 42-year old Dr. M. Bruce Johnson, Professor of Economics at UC Santa Barbara, who not only presents free-market concepts in the classroom but is also active as the faculty advisor for the UCSB chapter of the Society for Individual Liberty and participates in local community and Libertarian Party activities. Although raised with libertarian political and philosophical views Dr. Johnson did not become an activist until his research into the economics of land use regulation earned him an appointment to the California Coastal Commission in 1973. "My experiences on the Coastline Commission convinced me in a very personal and dramatic way how arbitrary the exercise of collective authority is and how potentially damaging to individual freedom these measures can be. I wrote an article, 'Piracy on the California Coast,' expressing some of the views I held because of my Commission experience and this was published in the July 1974 REASON. Until that time my libertarian activities had been quite personal and almost private but then the REASON article served to introduce me to a wide variety of individuals who hold similar beliefs and are concerned about similar problems."

Dr. Johnson's professional background includes a B.A. (1955) from Minnesota's Carleton College, and an M.A. (1960) and Ph.D. (1962) from Northwestern University. He taught at Northwestern and at the University of Washington before coming to UCSB in 1968, and he served as the chairman of UCSB's Department of Economics from 1970-74. Dr. Johnson is a member of several professional associations and is a member of the Editorial Board of the *Western Economic Journal.* His research specialties are land use regulation and consumer economics.

Dr. Johnson is married and has three young children. As a hobby he designs and builds custom wood furniture for his family and friends, but "I do not offer it for sale because I refuse to permit the government to expropriate part of my output." His favorite book is Ayn Rand's *Atlas Shrugged,* which he first read in the late 1950's, and he also enjoys reading H. L. Mencken and economist Henry Manne.

Regarding social change he says, "I believe that argument and persuasion are the only legitimate means open to us to advance a libertarian society. I am thoroughly convinced that our political 'leaders' in government can never be persuaded to relinquish their power and control over our lives. Change must come from the grass-roots level and with that in mind I intend to use speeches, articles and books to publicize the detrimental effects of government action and control, and to spread the libertarian view."

M. BRUCE JOHNSON

letters

ABACO AND ESQUIRE

REASON [October 1974] and its readers have taken a keen interest in the affairs of Abaco, the small island nation which seeks its independence from the central government of the Bahamas.

As many readers will know, the New Country Project was associated with the Abaco Independence Movement (AIM) for many months. A lot of progress has been made. Support for AIM is widespread among both black and white citizens, and in all settlements. Business people on the island, too, are giving support. And in Nassau, the capital of the Bahamas, there is a fund of goodwill towards the movement. Presently, a petition seeking home rule from the Nassau Government is being circulated and has already received the signatures of over one half of Abaco's adult population. More will sign, and plans are advanced for the presentation of the petition on completion.

Of course, the movement has its enemies, mainly in the Pindling government circles. Freedom is not always popular. And there are others eager to deride or detract from the movement and its ideals.

Some of you will have read an article in the February *Esquire*, entitled "The Amazing New Country Caper." It would be understandable if this article caused some concern among those who support the New Country Project in general and the Abaco movement in particular, though the phone calls I have received from libertarians indicate that most recognize the story for what it is—namely, distortions and outright falsehoods.

I have been asked to answer some of the points in a letter to REASON. There are so many errors, both minor and major, that to answer each one would take too much space. But perhaps I may state very briefly my involvement in the affairs of Abaco.

There is no such thing as a WerBell-Oliver organization. The New Country Project, with which I am associated, but with which Mr. Mitch WerBell has *no* connection, is interested in founding a new country, based on libertarian ideals. Such becomes all the more necessary and urgent as the West rushes headlong into monetary crisis and collapse.

Abaconian leaders approached the New Country Project requesting assistance in their struggle against the Pindling regime in Nassau. This was, and remains, a political rather than a military struggle, and we have not engaged in any activities which libertarians would regard as dubious. (Mr. WerBell, I should point out, was involved in Abaco long before I was.) All along the Project has worked hand in hand with the leaders of AIM. The vital decisions have always been theirs. Our role, among other things, has been to offer help to the Abaconians in things with which they have no experience.

We have, for example, helped them pre-

pare a proposed constitution, based firmly on libertarian ideals. Under this proposed constitution, foreigners—including myself—are expressly excluded from having anything to do with the Government of Abaco. Under another document which we helped them draft—the Articles of the proposed Abaco National Land Trust—each Abaconian would be granted shares in all the land which is presently owned by the government (the so-called Crown Lands), as well as one acre freehold. Excluded would be part of an area to be known as the World Trade Zone, guaranteed a libertarian-based constitution for all time. This would be about four per cent of the total Crown Lands, presently unused and uninhabited.

An example of the gross distortion in the *Esquire* article is when it states that Abaconians will receive their shares in the Land Trust *only if* the political situation is just and fair, and further, that it is I, Mike Oliver, who will decide when it is just and fair! No! The shares are *unconditional!* What *was* stated is that the value of the property will vastly increase "if the political situation is just and fair." This is altogether a different thing. (Readers may wish to know that legal action is being contemplated against *Esquire* for libel.)

I know that most libertarians will recognize the *Esquire* article, as well as any other such articles, for what they are. I know they will also appreciate that in such a matter it is never possible for me to publicly reveal all details of the affairs of Abaco. However, those who have assisted in the past may write to me if they have any particular points which concern them, and I shall reply to the best of my ability.

As mentioned above, a lot of progress has been made and libertarian ideas are firmly established on Abaco. I should also mention that things have not always gone as quickly or quite in the direction we would have liked. We cannot force anyone to be free, and we have no wish to do so. To repeat the question which REASON editors Poole and Kinsky asked in their October article: "Are the people of Abaco ready for a free society?" Poole and Kinsky answer their own question: "It does not lend itself to a simple yes or no answer." Ultimately, whatever help is given, the success of the movement rests with the people of Abaco. The choice is theirs.

Mike Oliver
Carson City, NV

GREENSPAN, YES

I would like to express my appreciation for Dr. Machan's insightful remarks ["Editorial," February 1975] regarding the complexity involved in pronouncing particular moral judgments, let alone in declaring someone immoral. Objectivity in morals in no way guarantees precise answers to all particular moral questions. Moreover, it calls for a "look and see" attitude regarding many questions. Re: Mr. Greenspan's "compromises":

> *Against this background, Greenspan—a deep-dyed, Ayn Rand economic conservative—sent the President a 26-page memo that became the framework for most of the policy debate. Greenspan blamed the current malaise mainly on the growth of government intervention in the economy since World War II. He recommended a return to balanced budgets, unregulated markets and smaller government to avoid a "crisis-ridden, regimented society." And for the immediate future, Greenspan favored sending Congress a "shock budget" including an admittedly unrealistic $20 billion spending cut.* (Newsweek, *January 20, 1975, p. 17)*

If this is compromising, then so be it! More seriously, however, believers in liberty should seek to avoid methods and people who claim that this is or they have *the* method to achieve liberty. We do exist in a coercive situation, and we must have all our wits about us if we are to succeed. Trying to pronounce *a priori* what should be done to change this situation for each and every person is foolish if not dangerous.

Douglas B. Rasmussen
Milwaukee, WI

GREENSPAN, NO

I have great respect for Tibor Machan but I'm afraid that with regard to Alan Greenspan ["Editorial," February] he is totally wrong. I do not know what interview Machan is referring to in which Greenspan said nothing "that contradicts his free market views" but the *fact* is that Greenspan has done his share in *promoting* statism. In October he *opposed* a tax cut when testifying before the Senate. Furthermore, some months later the *New York Times* reported that Greenspan was trying to push Ford into adopting a stiff gasoline tax. To add insult to injury, Evans and Novack (Jan. 2, 1975) reported that Greenspan opposed William Simon's fight against an expansion of government spending!!!

Also, Machan did not report the *reasons* for Murray Rothbard's denunciation of Greenspan, reasons which are quite valid. As Rothbard pointed out (*Libertarian Forum*, October 1974) the only way to stop the march of the State is by a solid,

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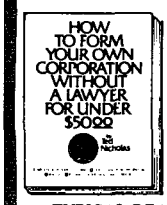

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organized opposition from those who suffer from the effects of statism. A few private conversations by libertarians with the White House do little; they merely provide—God forbid!!—"libertarian" blessing to the State which in the meantime still rolls on its merry way. Greenspan's actions, of course, bear this out.

I definitely agree with Machan's conclusion: that it *is* possible to know what is right. But—as we should have suspected due to the nature of State power—Greenspan has done *wrong.* In a literal and figurative sense he has "sold out"; he is our first libertarian Benedict Arnold.

Danny Shapiro
Poughkeepsie, NY

STOP COMPULSORY FLUORIDATION

There is a lot more to be said about fluoridation of water than Mr. Reed acknowledges ["Letters," February]. It is not simply that government monopolizes the water supply. As often pointed out, only children are alleged to benefit from the fluoride intake. But more than that: fluoridation is a flagrant violation of accepted—and individualistic—medical practice: namely that water is injected with a chemical irrelevant to itself (in contrast to chlorine, which is supposed to purify it), and injects uncontrolled doses into a collective mass of consumers. Instead of an individually controlled dose, for example, the person who drinks 10 glasses of water a day receives 10 times as much as someone who drinks only one glass. This is a medical monstrosity, quite apart from the benefits or disadvantages of fluoride itself. Those individuals who want to ingest fluorides can obtain them in tablet form, or brush their teeth with fluoride toothpaste. If fluorides can be injected into the water to engage in mass medicine, then what is to prevent the government from pouring penicillin, or tranquilizers, or behavior modification drugs into the reservoirs?

Yes, let's abolish governmental supply of water. But *pending* that happy day, we are being subjected to compulsory mass medication by government, and we should therefore agitate, in the meanwhile, for the abolition of fluoridation. Let those who want fluoride ingest it individually, and not force the rest of us to imbibe it.

An analogy for Mr. Reed: suppose that the government decreed that everytime we step out on the street, a cop will force us to imbibe some medication—fluoride, penicillin, tranquilizers, or what have you. It would not be enough for libertarians to call for an eventual abolition of government streets, and going over to competing private ownership. In the meantime, we would, I trust, agitate like mad to stop this totalitarian practice. Why then not oppose compulsory fluoridation?

Murray N. Rothbard
New York, NY

FLUORIDE AND TOOTH DECAY

In response to Dr. Reed's letter [February]: One has the right to take poison, but no one has the right to force someone else to consume it. While waters are still publicly controlled, fluoridation leads to the latter situation.

No carefully designed scientifically-controlled experiments have ever been performed to indicate that fluoridated water appreciably reduces tooth decay. Some studies have shown reductions among 6-year-olds, but as these children grow older (12-18), their tooth decay rates do not differ appreciably. As an example, Baltimore, which has been fluoridated since 1952, has one of the highest tooth decay rates in the country.

Don't gamble with your health—
stop fluoridation.

John Yiamouyiannis, Ph.D.
Science Director,
National Health Federation
Monrovia, CA

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RANDALL K HYLKEMA

GOOD NEWS FOR TEETH, POP! THE COUNTY GOVERNMENT'S GONNA FLUORIDATE OUR WATER!
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FLUORIDE MEASURE CARIES 6-2 VOTE
WHAT DRUGS I INGEST OR CHOOSE NOT TO INGEST IS NO BUSINESS OF BIG BROTHER GOVERNMENT!
REAGAN
DAN SMOOT
I DIDN'T KNOW YOU FELT THAT WAY, POP.
WHAT ARE YOU SMOKING?
BUT YOU JUST SAID...
SON OR NOT! I'M CALLING THE POLICE.
MARX
YOU MEAN, CALLING THE GOVERNMENT?
O.K.! "LET HE WHO IS WITHOUT INCONSISTENCY CAST THE FIRST STONE."
I'M ALREADY STONED...
Hylkema

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SEND ORDERS AND MANUSCRIPTS TO Tibor R. Machan, editor
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Reason's Letter of the Month

The letter below, by subscriber James Jerry Jones, appeared in the January 27, 1975 issue of *The Idaho Statesman:*

VOTER OPPOSED CENTER ON MORAL GROUNDS

Your editorial, Jan. 17, suggested some reasons for the vote rejecting the proposed arena and convention center.

Unfortunately, all the reasons you listed were pragmatic reasons, completely overlooking the fact that some of us voted against the proposal on moral grounds. Yes, there are still those of us who believe it is wrong to force others to help pay for our own special interests.

Whether the special interest group involved is more or less than some arbitrary percentage of some arbitrary range of eligible voters, the moral issue is no different than that of one person or many using force to confiscate property from their neighbors.

Strangely enough, most people would not think of aiming guns toward their neighbors and demanding their properties. Yet, if they are isolated from the use of force by a ballot box, with the police forces doing their dirty work, those same people seem able and willing to divorce their minds from the reality that the ballot box is a bullet box.

The evasion of guilt by the ballot box thugs is certainly not helped by the sloppy use of metaphors such as the one in your last paragraph, "It seems unlikely that voters will change their mind . . ." The ability to lump all individuals into a composite, and then speak of the composite as though it were an entity separate from the individuals involved, is a peculiar skill, at best.

When all is said and done,
The difference isn't any
If the gun was held by one,
Or if it was aimed by many.

Try freedom for a positive change.

James Jerry Jones
Boise, ID

REASON subscribers are encouraged to write letters to the editor of their favorite newspaper, magazine, or journal, presenting libertarian views on topics of current interest. Each month REASON selects the most notable published letter for republication in this space, and honors the writer by a six-month extension of his or her REASON subscription. Send copies of your published letters to Reason Letter of the Month, Box 6151, Santa Barbara, CA 93111.

GAY RIGHTS

I dislike using a pseudonym while writing to a magazine dedicated to freedom and openness but I have no choice. As a gay person writing to you in that capacity I have no doubt I would lose my job.

Libertarians need votes; gay people need politicians who will support gay rights. I should think there would be a natural connection between these two positions but apparently there is not. Because they have shown the ability to swing certain elections gays are being courted by various political groups, notably socialists. (With some success, I might add.) If Libertarians want some additional voting strength they might point out to gays that socialist parties are notorious for promising rights and then, when in power, taking away these rights (if indeed, the rights are ever granted). Particularly graphic examples of homosexual rights exist in China where gays are shot and in Cuba where they are put in prison. This is apparently a socialist version of the end (power) justifying the means (lies). Libertarians, on the other hand, cannot repudiate gay rights as this would be breaking their primary principle (which I take to be: toleration of any voluntary action that doesn't physically harm another person).

In the time I've been reading libertarian literature I have seen no major references to gay rights except in the works of Thomas Szasz. (This perhaps reflects my own limited reading.) I think that reviews of books such as *Homosexual Behavior Among Males: A Cross Cultural And Cross Species Investigation* (Churchill) or: *Society And The Healthy Homosexual* (Weinberg) would be valuable to both gays and libertarians since (I feel) the implications and conclusions of both books are clearly libertarian.

"Richard Brewer"
Chicago, IL

HISTORY REPEATS

A word to John J. Pierce regarding his criticism [March] of science fiction which projects elements of past history into the future—specifically, empires and feudalisms. (There are not at all the same things, though he appears to think so.)

A libertarian world would presumably be free of endless repetitions of political follies, as long as it stayed libertarian. Failing this, however, it seems plausible that civilizations to come will repeat the basic devolutionary pattern traced out by most civilizations which have been. While that does not show the complete rigidity Spengler believed he had found, still, Caesarism as the "solution" to an era of mass violence, and the eventual disintegration of the Caesaristic state, were much alike in Pharaonic Egypt, post-Hellenic Classical society, Han Dynasty China, and some two score other cases—nearly all that are on record, in fact.

The revival of ancient titles for ranks and institutions is not uncommon. For instance, Charlemagne did it with "Emperor," or consider the United States Senate.

Pierce is right in declaring that history does not recapitulate every detail. You remember Voltaire's remark that the Holy Roman Empire was neither holy, nor Roman, nor an empire; the original Caesars would find little that was familiar in our Senate; and so on. But most of those science fiction writers who assume there is a cyclical factor in politics, and that revolutionaries will often practice word magic, do make an effort to show differences from the past as well as similarities to it. If the similarities are sometimes exaggerated, this is shorthand for the sake of getting on with a story, or it is the language of parable for the sake of giving a warning.

An argument over whether or not a certain literary practice is justified, isn't worth a letter in itself. But an argument over whether or not certain tendencies exist in every state, and how they manifest themselves, is. Not that I claim we *will* go through the cycle over and over again. Conceivable today a social change has begun, as profound as the Neolithic one which begot the state in the first place. I just say we *might* repeat, and suspect this is probable unless we can get a more clear understanding of historical forces than we now have. To that end, every possibility we can imagine must be explored, in science fiction and, infinitely more important, the real world. We cannot afford dogmatism.

Poul Anderson
Orinda, CA

DEFENDING SKINNER

A point by point correction of Tibor Machan's gross errors in his attack on B. F. Skinner is more than you usually publish in a letter. In any event, reviewing Skinner reminds me of the clarity of

his writing and it is difficult to understand how people come up with misconceptions such as Machan's, and further, how I could improve on Skinner's explanations.

Essentially, this is an appeal to your readers to *read* Skinner, especially *Beyong Freedom and Dignity*. They certainly haven't received much of an idea of what he says from your articles. The crucial questions Machan raises are already answered there. I believe your readers will be more discerning than Machan.

Now to mention the inherent contradiction in just one of Machan's arguments. One of the more glaring is his claim that Skinner wants to "abolish rational man." Actually, Skinner is trying to place human behavior on a rational, scientific basis; while Machan appeals to mythical and mystical concepts such as "dignity" and "morally worthy individuals".

To quote Skinner, "Autonomous man serves to explain only the things we are not yet able to explain in other ways. His existence depends upon our ignorance, and he naturally loses status as we come to know more about behavior." Autonomous man is very much the new God. Just as earlier man attributed to God, things in the environment he did not understand, now he attributes behavioral qualities to an inner God—Autonomous Man. I refer you to Nietzsche about both this and the issue of morality. And, like Nietzsche writing about God, I'm surprised that I have to address myself to this issue which has been handled so ably before me.

It's particularly important to understand Skinner because he's right. If the proponents of "liberty" don't make use of this knowledge, it is going to be the fascists who do, and do the things you fear—events, incidentally, that Skinner warns about.

The literature of freedom and dignity can still act as counter-control to help stymie the fascists, but it may soon lose its effectiveness under the assault of repressive characters who understand and make use of new knowledge. We are all controllers and controlled, and we will be better off once we accept that and use it.

Randy Erickson
San Diego, CA

Mr. Machan replies: Mr. Erickson states that there is an inherent contradiction in one of my *arguments*. He does not say which. He merely refers to my claim that Skinner wants to abolish rational man. Now Skinner says explicitly "To man *qua* man we readily say good riddance" (BFD/191). Perhaps Mr. Erickson does not know that "man *qua* man" means "human beings as rational animals". It does. Far from contradicting myself, I merely *quoted* Skinner to support my *claim*.

Nowhere did I defend "autonomous man" as Skinner caricatures human beings. Skinner would have it that the only alternative to his conception of human beings (as passive respondants to their environment) is the Cartesian (religious?) view that human beings are machines with a little supernatural *spirit* tucked away in their head, a spirit that occupies no space and cannot be measured (for it has no natural attributes). But the Aristotelian view that the soul is the-life-of-the-person is never considered. Nor has he paid attention to such work as carried out by Dr. Robert Efron (see page 168 in my *The Pseudo-Science of BF Skinner)* showing that mentality, at least in some of its manifestations, has been measured as exhibiting duration (temporality).

As to the clarity of Skinner's works, I do advise readers to check him out. I only marvel at Mr. Erickson's standards when he claims that I am unclear but Skinner is not!

GO ASK ALICE

Congratulations on the fine article by Tibor Machan debunking the Alice Cooper of epistemology, B. F. Skinner. Perhaps one could summarize Skinner as follows: "I used to believe in free will, but not anymore."

Lonnie Brantley
Houston, TX

Letters from readers are welcome. Each receives editorial consideration, although only a selection can be published and none individually acknowledged. They should be kept as brief as possible and are subject to condensation. Letters submitted for publication in this column should be typed, double-spaced. Send letters to REASON, P.O. Box 6151, Santa Barbara, CA 93111.

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BICENTENNIAL COMMITTEES—Complete line of attractive, low cost promotional materials. Custom printed to your order. Buttons, bumperstickers, pennants, bookmatches, posters, etc., etc. Lists H-G Enterprises, Dept. R, Clarklake, MI 49234.

THE BRANDENS ON RECORDS: I have one set, each, left of "Basic Principles of Objectivism," $80, and "Principles of Efficient Thinking," $40. Mint condition. Price includes postage (4th Class). Write: E. Monger, 19 North Wilmette, #3, Westmont, IL 60559.

FDA CLAMPDOWN ON VITAMINS. Consider the Alternative: High Quality wholesale bulk Vitamins stable in long-term storage. Examples: Vitamin C $13.50/kg., Vitamin E $32/500,000 i.u., postpaid in continental U.S. Send stamped envelope for Dealer Price List R751. Dawn Enterprises—serving the Vitamin industry since 1968—Box 90913, Los Angeles, CA 90009.

DOLLARSIGN JEWELRY—3/8" tie-tac/lapel pin, solid 14K Gold $5.95; 1" brooch, 14K $13.50. Satisfaction guaranteed. Frantonia Specialties, Dept. C, Warren, RI 02885.

WHOLESALE PRICES FOR EVERYONE. One-ounce minted pure silver bars. Silver blanks for stamping or minting. Custom design minting of your ideas. Free price list. Crabtree Mint, P.O. Box C, 6022 Skyway, Paradise, CA 95969.

PUBLICATIONS

FREE—SAMPLE COPY OF LIMIT!—National Newsletter of the Libertarian Republican Alliance. Write LRS, 1811 East 34th Street, Box R, Brooklyn, NY 11234.

NEW INDIVIDUALIST REVIEW has become a collector's item—a genuine classic of libertarian scholarship, published from 1961 to 1968. Articles by Murray Rothbard, Yale Brozen, Milton Friedman, Ludwig Mises, F. A. Hayek. For free brochure, contents of all available issues, send stamped envelope to N.I.R., Box 4691, Chicago, IL 60680.

HOURGLASS is the Journal of the New England Academy of Socio-humanics—an association of professionals and students who are in the process of creating, establishing and applying a comprehensive science of human relations to replace present socio-philosophic disciplines. If you are a professional or student of philosophy, the social sciences, applied social science (law, business & public administration, land use planning, etc.), language, psychology, neurology, cybernetics, statistics, computer science, physics or mathematics, or if you have an interest in any of these areas, you will want to know more about the New England Academy of Socio-humanics, and you may want to become a part of this exciting new discipline. Projects applying socio-humanics to present and future social situations and problems are already in the beginning stages. Memberships in the Academy are now being accepted, and applications from the New York, New England and Southeastern Canada areas are especially needed. For more information, application forms and your introductory copy of HOURGLASS, send $3.00 to NEAS, c/o SOL III Publications, Box 751, Farmington, ME 04938.

EMERGENCY FOOD STORAGE PROGRAM. An opportunity you don't want to miss! Free details. Dealers and distributors inquiries welcome. SURVIVAL INFORMATION NEWSLETTER $2.00 postpaid. 2429 Anacapa, Dept. R, Santa Barbara, CA 93105.

THE LIBERTARIAN SCHOLAR: a bibliographical quarterly. $5.00/year. Box 294, De Kalb, IL 60115. All subscriptions start with first issue, already published.

REAL ESTATE

MOUNTAIN RETREAT FOR SALE. Beautiful secluded 1974 modular home in the Cumberland mountains of Tennessee near Cumberland Gap. 2 bedrooms, 2 bathrooms, all electric, approx. 1000 sq. ft., mortgage money available, $17,600. Write Dr. Douglas T. Brown, Park Apts. #286A, Harrisonburg, VA 22801.

FOR SALE—160 acres land three miles from Fort Rock, Oregon. Adjoins U.S. land and may be traded for other U.S. land. Also ideal retreat or vacation area. Terms available. M. J. Bradley, Steamboat Springs, CO 80477.

SERVICES

INTEREST PAYING CHECKING ACCOUNTS—list of 75 banks offering to 7% p.a. Send $3.80 to P-K Intercontinental, Box 522-R, Evanston, IL 60201.

RATES: 15 cents per word, $3.50 minimum. For REASON box number instead of personal address, add 50 cents per insertion. Forwarding postage paid by advertiser. All orders must be accompanied by payment, and copy should reach us by the first day of the second month preceding the month of issue (e.g., advertising for the March issue, which is mailed in early February, should reach us by January 1).

The classified ad deadline for the July issue is May 1.

BEWARE OF SUBSTANDARD EMERGENCY FOOD PROGRAMS!

All food programs are NOT created equal!

Would you believe a one-year long-storage food program for $299? WELL, DON'T!

Sure, we can package what some people would try to call a 12-month food supply for one person—say around 1570 calories per day and maybe 70 grams of protein—and we can do it for about $100 less than some other folks who advertise in this magazine. And we will—if you insist.

But we don't recommend it, and nobody else in his right mind would either. What others call a "basic food plan," we call "substandard," and about as fine a ticket to malnutrition as you could wish for.

Since you're the kind of person who reads long-storage food ads, you know as well as we do the reasons to have "a little insurance in a can." We don't need to indulge in Doomsday scare tactics; we can simply tell you about what we're offering, why we think it's worthwhile, why we believe it's better than anything else on the market—and then have you leaf around in this magazine or elsewhere and compare our facts with the claims of our competitors.

Now, let's get down to specifics. When we say long storage, we mean every item in our program has a decent chance to last over a long storage period. We think that's just being honest. So no yeast, for instance. It wouldn't last even if it were in Ft. Knox (heaven forbid). Also, no wheat in bags.

We've done our best to figure out what kind of nutritional requirements the average person has and how to adjust such "average" numbers to suit the non-average individuals in a real world. One result of this research is our Daily Rating System for food intake—a feature you won't find in other ads or brochures. Our Daily Rating System tells you how many calories and how many grams of protein a program will give you each day.

We have produced four different packages to suit varying individual requirements. Even if you can't afford the best, with our Daily Rating System you will know what you are getting.

1) SUBSTANDARD—Yes, that's what we call it, even though others may offer it as some kind of acceptable minimum, a "12-month" slow starvation supply of food at a Daily Rating of 1574 calories and 70 grams of protein, all for $299.00. (Actually this unit makes a good 9-month program!)

2) BASIC—For slightly-built individuals, children and big folks who'd like to lose some weight, here is what we regard as a bare-naked minimum (although others would like you to believe it's post-Collapse luxury)—a Daily Rating of 1801 calories a day and 74 grams of protein, a 12-month supply for $349.00

3) STANDARD—For a 12-month diet for a healthy, moderately active individual (no ditch-digging please) —we recommend 2100 calories per day and at least 80 grams of protein. Our Standard Program fills the bill nicely with room to spare at a Daily Rating of 2118 calories and 84 grams protein for $409.00.

4) DELUXE—If you are sick or injured during the jolly, adventurous and character-forming times to come, or if you're simply the type who likes to dress for dinner in the jungle, here it is; eating high off the hog—or a #10 can, anyway. This food program contains a minimum of 2324 daily calories and a whopping 97 grams of protein. A 12-month plan for $479.00.

You may reasonably ask, "How in the hell am I going to pay for all this?." We don't have to tell readers of Reason that "There's No Such Thing As A Free Lunch," but, since we've already pointed out how to get a year's supply of fairly inexpensive ones, we might also add that there are several relatively painless ways to pay for them.

First, doing our bit toward Stopping the Motor of the World—and generally helping to keep inflation roll-along—we accept MASTER CHARGE.

Second, we have a $2,000-minimum group purchase plan with a 10% discount. So get your friends together and send a check.

Finally, since we're free marketeers at heart and will generally do anything (ethical) for a buck, if you don't like any of our programs, or if you are interested in a time-payment plan, let us know, and we'll work something out.

And if our clever folksy advertising copy hasn't caught your imagination by now, let us persuade you to learn more by sending you a booklet designed to answer as many questions as possible in far greater detail. Send us your name and address, along with $1, and we'll let the U.S. Postal Service do the rest (haven't they done enough already?).

Golden Survival, Inc., was organized by the same two busy little beavers, Jean and Eric Westling, who as West-Berg Enterprises, Ltd., have long been established in mail-order as retailers, wholesalers, manufacturers, and publishers (we are kind of the world's smallest conglomerate). Eric was one of the 8 original instigators of the national Libertarian Party and is a board member of both the national and Colorado L.P.

Golden Survival, Inc., also has gold coins available at very competitive prices.

Each program comes with Culinary Capers cookbook, plus plastic lids to reseal cans after opening, plus list of servings for reconstituted food, plus list of recommended additional items that you should add to your program. (NO long storage food program is complete and comprehensive—they can't be!! So we tell you how to fill in the holes via your local grocery store.)

Each program contains dehydrated (low moisture) fruits, vegetables, milk, eggs, other protein foods, fats, and drinks, plus sugar, grains, wheat, and additional goodies, all proportional to the size and price of the programs.

Most items are packed in Number 10 cans, with some in Number 3 cans or 4-gallon pails, depending on the quantity of the item.

Prices do not include freight. Food shipped freight collect—approximately $8 to $14 per hundred pounds depending on your location.

We also recommend a long storage food program as an investment—an inflation hedge.

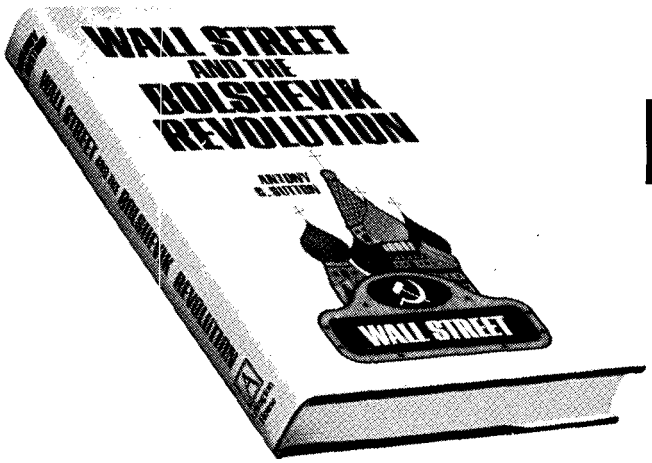
1. SUBSTANDARD. (with 150 lbs. wheat)	Daily Rating: 1574 calories, 70 g. protein. shipping wt. approx. 400 lbs.	$299.
2. BASIC. (with 150 lbs. wheat)	Daily Rating: 1801 calories, 74 g. protein. shipping wt. approx. 450 lbs.	349.
3. STANDARD. (with 180 lbs. wheat)	Daily Rating: 2118 calories, 84 g. protein. shipping wt. approx. 525 lbs.	409.
4. DELUXE. (with 180 lbs. wheat)	Daily Rating: 2324 calories, 97 g. protein. shipping wt. approx. 575 lbs.	479.
STONE GRINDER.	$42.50	
FLOUR OPTION.	For 140 lbs. of stone ground whole wheat flour, instead of wheat, add $13 to Substandard or Basic program and $5 to Standard or Deluxe program.	

Price subject to change without notice.
(Unfortunately—it's the world we live in.)

For master charge include all numbers on your card.

GOLDEN SURVIVAL, INC.
2842 E. SERENDIPITY CIRCLE
COLORADO SPRINGS, CO 80917
(303) 597-3333

Call for daily gold coin quote or any other questions
(Try evenings—it's cheaper.)



FAMED KREMLINOLOGIST PROVES LINK BETWEEN COMMUNISTS AND *SOME* WALL STREETERS

ANTONY SUTTON SHOWS PRECISELY HOW EACH OF THESE MEN HELPED THE COMMUNIST REVOLUTION

J. Ogden Armour
Pierre S. DuPont
Colonel Edward M. House
William Boyce Thompson
Percy A. Rockefeller
Woodrow Wilson
Lloyd George
Raymond Robins
Senator William E. Borah
Senator John Sharp Williams
Senator William N. Calder
Senator Robert L. Owen
Congressman Henry R. Cooper
Congressman Henry D. Flood
Henry Ford
Charles A. Coffin
Frederick C. Howe
Oscar S. Strauss
James Duncan
Dr. Frank Goodnow
George P. Whaley
Ludwig C.A.K. Martens
Robert Dollar
John Reed
Frank Lyon Polk
Harry Payne Whitney
Harry F. Sinclair
Henry R. Towne
Alexander Nyberg
Kenneth Durant
Julius Hammer
James W. Andrews
J. Pierpont Morgan
Harry Hopkins
Harold H. Swift
Alan Wardwell
Otto H. Kahn
Olof Aschberg
Ivy Lee

One heard rumors over the years... about international bankers backing the Reds. Sober people tended to discount the reports. After all, they made so little sense.

But Antony C. Sutton, pursuing his monumental researches into Soviet trade with the West, unearthed too much evidence to ignore. And Mr. Sutton, affiliated since 1968 with the prestigious Hoover Institution at Stanford, was able to draw on sources probably unmatched in the Western world.

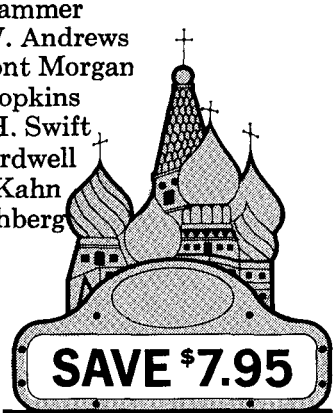
He dug into State Department files... private papers of Wall Street nabobs. Conventional sources sometimes yielded surprising clues. When Mr. Sutton tallied it all up, he had made a breakthrough in research on Communism—and some of these facts bear directly on "detente," and all that it means for America and the West. A few items:

- The American Red Cross Mission to Russia in 1917 included more financiers than doctors. Members were more interested in financial deals than in dispensing medical aid.
- Some bankers privately backed the Red cause—while publicly attacking the Bolsheviks.
- One American banker gave the Reds one million dollars.
- Leading bankers had illegal dealings with the Soviets.

Dispassionately, with overwhelming documentation, Antony Sutton spells out how some powers on Wall Street helped keep the Bolshevik regime alive... during its first shaky years. Ineluctably, this major book recalls Lenin's cynical prediction that the capitalists would fight over who would sell the Communists the rope with which the Communists would hang them.

SUTTON'S RESEARCH REVEALS:

- The role of Morgan banking executives in funneling illegal Bolshevik gold into the U.S.
- How the American Red Cross was coopted by powerful forces on Wall Street.
- Wall Streeters who intervened to free Leon Trotsky, even though Trotsky's stated aim was to engineer "the real revolution"— the Soviet coup which toppled Kerensky.
- The deals made by major corporations to capture the huge Russian market a decade and a half before the U.S. recognized the Soviet regime.
- The "closet socialism" of leading businessmen who paraded publicly as champions of free enterprise.



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